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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

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House of Representatives

REPORT OF A STUDY ON LEGALIZED ABORTION AND THE PUBLIC HEALTH

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Mr. FRASER. Mr. Speaker, the Institute of Medicine was created in 1970 by the National Academy of Sciences to examine policy matters affecting the health of the general public. It provides a source of information and analysis, independent of government, on problems of medicine and health.

The abortion issue has been a center of controversy for a long time. In May 1975 the Institute published a report of a lengthy study on legalized abortion and the public health. I am inserting the summary and conclusions of this report into the RECORD in the belief that they will be useful to my colleagues:

INSTITUTE OF MEDICINE: LEGALIZED ABORTION AND THE PUBLIC HEALTH—SUMMARY AND CONCLUSIONS

(Report of a study by a committee of the Institute of Medicine, May 1975, National Academy of Sciences, Washington, D.C.)

The legal status of abortion in the United States became a heightened national issue with the January 1973 rulings by the Supreme Court that severely limited states' rights to control the procedure. The Court's decisions in the historic cases of Roe v. Wade and Doe v. Bolton precluded any state interference with the doctor-patient decision on abortion during the first trimester (three months) of pregnancy. During the second trimester, a state could intervene only to the extent of insisting on safe medical practices "reasonably related to maternal health." And for approximately the final trimester of a pregnancy—what the Court called "the state subsequent to viability" of a fetus—a state could forbid abortion unless medical judgment found it necessary "for the preservation of the life or health of the mother."

The rulings crystallized opposition to abortion, led to the introduction of national and state legislation to curtail or prohibit it, and generated political pressures for a national debate on the issue.

Against this background of concerns about abortion, the Institute of Medicine in 1974 called together a committee to review the existing evidence on the relationship between legalized abortion and the health of the public. The study group was asked to examine the medical risks to women who obtained legal abortions, and to document changes in the risks as legal abortion became more available. Although there have been other publications on particular relationships between abortion and health, the Institute's study is an attempt to enlist scholars, researchers, health practitioners, and concerned lay persons in a more comprehensive analysis of the available medical information on the subject.

Ethical issues of abortion are not discussed in this analysis, nor are questions concerning the fetus in abortion. The study group recognizes that this approach implies an ethical position with which some may disagree. The emphasis of the study is on the health effects of abortion, not on the alternatives to abortion.

Abortion legislation and practices are important factors in the relationship between abortion and health status. In order to examine legislation and court decisions that have affected the availability of legal abortion in the U.S., the study group classified the laws and practices into three categories: restrictive conditions, under which abortion is prohibited or permitted only to save the pregnant woman's life; moderately restrictive conditions, under which abortion is permitted with approval by several physicians, in a wider range of circumstances to preserve the woman's physical or mental health, prevent the birth of a child with severe genetic or congenital defects, or terminate a pregnancy caused by rape or incest; and nonrestrictive conditions, under which abortion essentially is available according to the terms of the Supreme Court ruling.

Before 1967, all abortion laws in the United States could be classified as restrictive. Easing of restrictions began in 1967 with Colorado, and soon thereafter 12 other states also adopted moderately restrictive legislation to expand the conditions under which therapeutic abortion could be obtained. In 1970, four states (Alaska, Hawaii, New York, and Washington) removed nearly all legal controls on abortion. Non-restrictive conditions have theoretically existed throughout all fifty states since January 22, 1973, the date of the Supreme Court decision.

There is evidence that substantial numbers of illegal abortions were obtained in the U.S. when restrictive laws were in force. Although some of the illegal abortions were performed covertly by physicians in medical settings, many were conducted in unsanitary surroundings by unskilled operators or were self-induced. In this report, "illegal abortion" generally refers to those performed by a non-physician or the woman herself. The medical risks associated with the last two types of illegal abortions are patently greater than with the first.

A recent analysis of data from the first year of New York's non-restrictive abortion legislation indicates that approximately 70 percent of the abortions obtained legally in New York City would otherwise have been obtained illegally. Replacement of legal for illegal abortions also is reflected in the substantial decline in the number of reported complications and deaths due to other-than-legal abortions since non-restrictive practices began to be implemented in the United States. The number of all known abortion-related deaths declined from 128 in 1970 to 47 in 1973; those deaths specifically attributed to other-than-legal abortions (i.e., both illegal and spontaneous) dropped from 111 to 25 during the same period, with much of that decline attributed to a reduced incidence of illegal abortions. Increased use of effective contraception may also have played a role in the decline of abortion-related deaths.

Methods most frequently used in the United States to induce abortion during the first trimester of pregnancy are suction (vacuum aspiration) or dilatation and curetage (D&C). Abortions in the second trimester are usually performed by replacing part of the amniotic fluid that surrounds the fetus with a concentrated salt solution (saline abortion), which usually induces labor 24 to 48 hours later. Other second trimester methods are hysterotomy, a surgical entry into the uterus; hysterectomy, which is the removal of the uterus; and, recently, the injection into the uterine cavity of a prostaglandin, a substance that causes muscular contractions that expel the fetus.

Statistics on legal abortion are collected for the U.S. government by the Center for Disease Control. CDC's most recent nationwide data are for 1973, the year of the Supreme Court decision. Some of those figures are:

The 615,800 legal abortions reported in 1973 were an increase of approximately 29,000 over the number reported in 1972. These probably are underestimates of the actual number of abortions performed because some states have not yet developed adequate abortion reporting systems.

The abortion ratio (number of abortions per 1,000 live births) increased from 180 in 1972 to 195 in 1973.

More than four out of five abortions were performed in the first trimester, most often by suction or D&C.

Approximately 25 percent of the reported 1973 abortions were obtained outside the woman's home state.

In 1972, before the Supreme Court decision, 44 percent of the reported abortions had been obtained outside the home state of the patient, primarily in New York and the District of Columbia.

Approximately one-third of the women obtaining abortions were less than 20 years old, another third were between 20 and 25, and the remaining third over 25 years of age.

In all states where data were available, about 25 percent of the women obtaining abortions were married.

White women obtained 68 percent of all reported abortions, but non-white women had abortion ratios about one-third greater than white women. In 1972, non-white women had abortion rates (abortions per 1,000 women of reproductive age) about twice those of whites in three states from which data were available to analyze.

A national survey of hospitals, clinics, and physicians conducted in 1974 by The Alan Guttmacher Institute furnished data on the number of abortions performed in the U.S. during 1973, itemized by state and type of provider. A total of 745,400 abortions were reported in the survey, a figure higher than the 615,800 abortions reported in 1973 to CDC. Guttmacher Institute obtains its data from providers of health services, while CDC gets most of its data from state health departments.

Risks of medical complications associated with legal abortions are difficult to evaluate because of problems of definition and subjective physician judgment. Available information from 66 centers is provided by the Joint Program for the Study of Abortion, undertaken by The Population Council in 1970–71.

The JPSA study surveyed almost 73,000 legal abortions. It used a restricted definition of major complications, which included unintended major surgery, one or more blood transfusions, three or more days of fever, and several other categories involving prolonged illness or permanent impairment. Although this study also collected data on minor complications, such as one day of fever post-operatively, the data on major complications are probably more significant. The major complication rates published by the JPSA study and summarized below relate to women who had abortions in local facilities and from whom follow-up information was obtained.

Complications in women not obtaining concurrent sterilization and with no pre-existing medical problems (e.g., diabetes, heart disease, or gynecological problems) occurred 0.6 times per 100 abortions in the first trimester and 2.1 per 100 in the second trimester.

Complications in women not obtaining concurrent sterilization. but having pre-existing problems, occurred 2.0 times per 100 in the first trimester and 6.7 in the second.

Complications in women obtaining concurrent sterilization and not having pre-existing problems occurred 7.2 times per 100 in the first trimester and 8.0 in the second.

Women with both concurrent sterilization and pre-existing problems experienced complications approximately 17 times per 100 abortions regardless of trimester.

The relatively high complication rates associated with sterilization in the JPSA study would probably be lower today because new sterilization techniques require minimal surgery and carry lower rates of complications.

The frequency of medical complications due to illegal abortions cannot be calculated precisely, but the trend in these complications can be estimated from the number of hospital admissions due to septic and incomplete abortion—two adverse consequences of the illegal procedure. The number of such admissions in New York City's municipal hospitals declined from 6,524 in 1969 to 3,253 in 1973; most restrictions on legal abortion in New York City were lifted in July of 1970. In Los Angeles, the number of reported hospital admissions for septic abortions declined from 559 in 1969 to 119 in 1971. Other factors, such as an increased use of effective contraception and a decreasing rate of unwanted pregnancies may have contributed to these declines, but it is probable that the

introduction of less restrictive abortion legislation was a major factor.

There has not been enough experience with legal abortion in the U.S. for conclusions to be drawn about longterm complications, particularly for women obtaining repeated legal abortions. Some studies from abroad suggest that long-term complications may include prematurity, miscarriage, or ectopic pregnancies in future pregnancies, or infertility. But research findings from countries having long experience with legal abortion are inconsistent among studies and the relevance of these data to the U.S. is not known; methods of abortion, medical services, and socioeconomic characteristics vary from one country to another.

Risks of maternal death associated with legal abortion are low—1.7 deaths per 100,000 first trimester procedures in 1972 and 1973—and less than the risks associated with illegal abortion, full-term pregnancy, and most surgical procedures. The 1973 mortality rate for a full-term pregnancy was 14 deaths per 100,000 live vaginal deliveries; the 1969 rate for cesarean section was 111 deaths per 100,000 deliveries. For second trimester abortions, the combined 1972–73 mortality ratio was 12.2 deaths per 100,000 abortions. (For comparison, the surgical removal of the tonsils and adenoids had a mortality risk of five deaths per 100,000 operations in 1969.)

When the mortality risk of legal abortion is examined by length of gestation it becomes apparent that the mortality risks increase not only from the first to the second trimester, but also by each week of gestation. For example, during 1972–73, the mortality ratio for legal abortions performed at eight weeks or less was 0.5, and for those performed between nine and 10 weeks was 1.7 deaths per 100,000 legal abortions. At 11 to 12 weeks the mortality ratio increased to 4.2 deaths, and by 16 to 20 weeks, the ratio was more than 17 deaths per 100,000 abortions. Hysterotomy and hysterectomy, methods performed infrequently in both trimesters, had a combined mortality ratio of 61.3 deaths per 100,000 procedures.

Some data on the mortality associated with illegal abortions are available from the National Center for Health Statistics (NCHS) and from CDC. In 1961, there was 320 abortion-related deaths reported in the U.S., most of them presumed by the medical profession to be from illegal abortion. By 1973, total reported deaths had declined to 47, of which 16 were specifically attributed to illegal abortions. There has been a steady decline in the mortality rates (number of deaths per 100,000 women aged 15–44) associated with other-than-legal abortion for both white and non-white women, but in 1973 the mortality rate for non-white women (0.29) was almost ten times greater than that reported for white women (0.03).

Psychological effects of legal abortion are difficult to evaluate for reasons that include lack of information on pre-abortion psychological status, ambiguous terminology, and the absence of standardized measurements. The cumulative evidence in recent years indicates that althought it may be a stressful experience, abortion is not associated with any detectable increase in the incidence of mental illness. The depression or guilt feelings reported by some women following abortion are generally described as mild and temporary. This experience, however, does not necessarily apply to women with a previous history of psychiatric illness; for them, abortion may be followed by continued or aggravated mental illness. The JPSA survey led to an estimate of the incidence of post-abortion psychosis ranging from 0.2 to 0.4 per 1,000 legal abortions. This is lower than the post-partum psychosis rate of 1 to 2 per 1,000 deliveries in the United States.

Psychological effects are related to whether a woman obtains a first or second-trimester abortion. Two studies in particular suggest that women who delay abortion into the later period may have more feelings of ambivalence, denial of the pregnancy, or objection on religious grounds than those obtaining abortions in the first trimester. It is also apparent, however, that some second-trimester abortions result from procedural delays, difficulties in obtaining a pregnancy test, locating appropriate counseling, or arranging and financing the procedure.

Diagnosis of severe defects of a fetus well before birth has greatly advanced in the past decade. Developments in the techniques of amniocentesis and cell culture have enabled a number of genetic defects and other congenital disorders to be detected in the second trimester of pregnancy. Prenatal diagnosis and the opportunity to terminate an affected pregnancy by a legal abortion may help many women who would have refrained from becoming pregnant or might have given birth to an abnormal child, to bear children unaffected by the disease they fear. Abortion, with or without prenatal diagnosis, also can be used in instances where there is reasonable risk that the fetus may be affected by birth defects from nongenetic causes, such as those caused by exposure of the woman to rubella virus infection or x-rays, or by her ingestion of drugs known to damage the fetus.

Almost 60 inherited metabolic disorders such as Tay-Sachs disease, potentially can be diagnosed before birth. More than 20 of these diseases already have been diagnosed with reasonable accuracy by means of amniocentesis and other procedures. The techniques also can be used to identify a fetus with abnormal chromosomes, as in Down's syndrome (mongolism), and to discriminate between male and female fetuses, which in such diseases as hemophilia would allow determination of whether the fetus is at risk of being affected or simply at risk of being a hereditary carrier of the disorder.

In North America, amniocentesis was performed in more than 6,000 second-trimester pregnancies between 1967 and 1974. The diagnostic accuracy was close to 100 percent and complication rates were about two percent. Less than 10 percent of the diagnoses disclosed an affected fetus, meaning that the great majority of parents at risk averted an unnecessary abortion and were able to carry an unaffected child to term.

There are many limitations to the use of prenatal diagnosis, especially for mass screening purposes. Amniocentesis is a fairly expensive procedure, and relatively few medical personnel are qualified to administer it and carry out the necessary diagnostic tests. Only a small number of genetic disorders can now be identified by means of amniocentesis and many couples still have no way to determine whether or not they are to be the parents of a child with severe defects. Nevertheless, the availability of a legal abortion expands the options available to a woman who faces a known risk of having an affected child.

Abortion as a substitute for contraception is one possibility raised by the adoption of nonrestrictive abortion laws. Limited data do not allow definitive conclusions, but they suggest that the introduction of nonrestrictive abortion laws in the U.S. has not led to any documented decline in demand for contraceptive services. Among women who sought abortion and who had previously not used contraception or had used it poorly, there is some evidence that they may have begun to practice contraception because contraceptives were made available to them at the time of their abortion.

The health aspects of this issue bear on the higher mortality and morbidity associated with abortion as compared with contraceptive use, and on the possibility that if women rely on abortion rather than contraception they may have repeated abortions, for which the risk of long-term complications is not known.

The incidence of repeated legal abortions is little known because legal abortion has only been widely available in the U.S. for a few years. Data from New York City indicate that during the first two years of nonrestrictive laws, 2.45 percent of the abortions obtained by residents were repeat procedures. If those two years are divided into six-month periods, repeat legal abortions as a percent of the total rose from 0.01 percent in the first period to 6.02 percent in the last. Part of this increase is attributable to a statistical fact: the longer non-restrictive laws are in effect, the greater the number of women eligible to have repeat legal abortions. Perhaps, too, the reporting system has improved. In any case, some low incidence of repeated abortions is to be expected because none of the current contraceptive methods is completely failure-proof, nor are they likely to be used with maximum care on all occasions.

A recent study has suggested that one additional factor contributing to the incidence of repeated abortions is that abortion facilities may not routinely provide contraceptive services at the time of the procedure. This is of concern because of recent evidence that ovulation usually occurs within five weeks and perhaps as early as 10 days after an abortion.

The conclusions of the study group:

Many women will seek to terminate an unwanted pregnancy by abortion whether it is legal or not. Although the mortality and morbidity associated with illegal abortion cannot be fully measured, they are clearly greater than the risks associated with legal abortion. Evidence suggests that legislation and practices that permit women to obtain abortions in proper medical surroundings will lead to fewer deaths and a lower rate of medical complications than restrictive legislation and practices.

The substantial differences between the mortality and morbidity associated with legal abortion in the first and second trimesters suggest that laws, medical practices, and educational programs should enable and encourage women who have chosen abortion to obtain it in the first three months of pregnancy.

More research is needed on the consequences of abortion on health status. Of highest priority are investigations of long-term medical complications, particularly after multiple abortions; the effects of abortion and denied abortion on the mental health and social welfare of individuals and families; the factors of motivation, behavior, and access associated with contraceptive use and the choice of abortion.

Congress of the United States
House of Representatives
Washington, D.C. 20515

February 14, 1975

Mr. James L. Mitchell
Undersecretary of Housing and Development
Department of Housing and Urban Development
451 7th Street, S.W.
Suite 1000 H.U.D. Building
Washington, D.C.

Dear Mr. Mitchell:

This is a follow up to the earlier letter of Congressman William Lehman and the subsequent oral request of Senator Richard Stone that the Department of Housing and Urban Development conduct hearings on the condominium industry in South Florida.

We, the undersigned Members of the Florida delegation, affirm this action and hereby call upon the Department of Housing and Urban Development to initiate hearings in South Florida in order that your Department obtain a clearer understanding of the particular problems surrounding condominium developments and conversions. These hearings should commence at the earliest possible date.

We believe such an undertaking would be in the best interest of both developers and purchasers of condominium units by providing all concerned parties a forum in which the problems and the achievements connected with condominium living can be discussed.

Further, it would serve to underscore the Federal government's committment to make a thorough study of the condominium phenomenon in this country.

Anticipating your early and favorable reply, we are

Sincerely,

LAWTON CHILES
UNITED STATES SENATOR

RICHARD S. STONE
UNITED STATES SENATOR

DANTE FASCELL
MEMBER OF CONGRESS

CLAUDE PEPPER
MEMBER OF CONGRESS

WILLIAM LEHMAN
MEMBER OF CONGRESS

cc: Mr. Michael H. Moskow
Assistant Secretary
Policy Development and Research

Mr. Robert Reisner
Director
Policy Development

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Vol. 121 WASHINGTON, THURSDAY, MAY 8, 1975 No. 73

House of Representatives

CONDOMINIUM ABUSE INVESTIGATION HALTED

Mr. LEHMAN. Mr. Speaker, last week I joined the chairman of the Commerce, Consumer, and Monetary Affairs Subcommittee, Representative BEN ROSENTHAL, on his panel to listen to the Federal Trade Commission's official justification for the termination of its 1½-year investigation into condominium abuses. I have had a particular interest in this investigation, as many of my constituents live in condominiums and are subject to the abuses the Commission was supposedly exploring. While the Commission spokesmen preferred to describe their action as a "suspension," the word "termination," more adequately defines the Commission's policy. The unalterable fact is, that the Commissioners stopped the investigation cold. On a secret vote taken March 24, the FTC Commissioners cut the funding for this project and transferred the bulk of the investigation to the Department of Housing and Urban Development. This jurisdictional shift is tantamount to squashing the entire FTC's staff investigation into past condominium sales abuses. The HUD study, while beneficial, will only recommend preventitive legislation for future problems, whereas the FTC can litigate on behalf of the consumer to remedy or correct existing conditions that so many of these unit owners are locked into—going back several years.

No testimony was presented at the hearings that convinced me that the FTC was not getting its "bang for the buck." On the contrary, the staff of the Bureau of Consumer Protection argued rather vigorously to press on with the investigation and to bring several test cases, and, were in fact, preparing to take depositions of witnesses in Florida in anticipation of court action when the word came down.

Mr. Speaker, very few can fully appreciate the impact this decision will have on the people, obviously, the FTC does not care. I am speaking now of those condominium residents who cannot get out from under the long-term leases that are attached to recreation and common facilities in a condominium. For nearly 2 years now, condominium owners have been cruelly deceived by the FTC into relying on their good faith and promises that the Commission was favorably disposed, and actively pursuing a course of action that could ultimately result in a judgment that would cancel these 99-year leases. Instead the Commission raised a lot of false hopes—and failed to deliver. It is extremely disheartening to see a Federal agency that was expressly established to protect the innocent consumer from unfair sales practices, to act in such an irresponsible and callous manner.

Mr. Speaker, the Commission testified that it relied solely on its mailbag for obtaining complaints from condominium owners. Since that appears to be their only contact with the people who are most affected by this decision, I have encouraged my constituents in condominiums through their respective association representatives to fill those mailbags with letters, cards, and telegrams expressing their individual concern with the Commission's action. For my part, I intend to pursue this matter in whatever way possible until such time as the FTC reverses itself. One thing is clear: The Commissioners' decision must not be allowed to stand. At this point, I would like to include a copy of a Miami Herald editorial that expresses, I am sure, the feelings of frustration and exasperation that many of these condominium residents are now experiencing:

[From the Miami Herald, May 7, 1975]

FTC BETRAYS PUBLIC ON CONDOS

The thousands of condominium buyers who have been defrauded by unscrupulous builders learned to their dismay last week that they won't be getting any help from the Federal Trade Commission. It secretly decided against pursuing its investigation after hearing only developers as witnesses.

The problem would be well under the rug were it not for a hearing held in public by a House subcommittee headed by Benjamin S. Rosenthal of New York, who has much knowledge and interest in the subject. Both he and Dade Congressman William Lehman challenged the FTC philosophy, which was reflected in a remark by one official who said of condominium owners: "They were grown people who should have known what they were doing."

The conclusion that adults don't need consumer protection smacks heavily of the outmoded concept of "caveat emptor" and ignores the fact that dozens of federal regulatory agencies are working daily to keep grownups out of trouble. The Securities and Exchange Commission, for one, recognizes that people even affluent enough to buy stocks need protection from slicksters.

The agency's excuse for abandoning the investigation was that it was not "cost effective," that the $50,000 allocated for it next year could better be spent on other projects. Yet two million families live in condominiums (250,000 in Florida) and many of them are of modest means or elderly or both. No similar concern about cost effectiveness was expressed for the $350,000 investigation which the FTC plans to launch next year on fake furs, or one on plant labeling which cost $32,000.

Failure of the FTC to take the leadership in effecting reform of condominium abuses also will hamper the states in carrying out their own programs, as an official from Florida testified.

The problem of regulatory agencies failing to regulate is an old one in Washington, but it is time the harsh light of exposure is turned inward on these agencies so that their basic philosophy and machinery can be reformed to meet the real needs of the public.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Vol. 121 WASHINGTON, WEDNESDAY, MAY 21, 1975 No. 82

House of Representatives

REINTRODUCTION OF CONDOMINIUM LEGISLATION

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 21, 1975

Mr. LEHMAN. Mr. Speaker, the State of Florida stands in the forefront in condominium development throughout the country. Recently, the Department of Housing and Urban Development held hearings in south Florida on the abuses, potential abuses, and many other aspects surrounding condominium living. These hearings were most productive, and served to confirm my belief that the future trend of housing lies in condominiums. More than 300,000 residential units have been built in Florida. In my district, there are more than 100 condominium developments housing upwards of 80,000 people.

During the last Congress more than 20 condominium-related bills were introduced to protect the unsuspecting buyer from unscrupulous developers. Today, I am reintroducing with several cosponsors two bills that I first introduced in the 93d Congress relating to the problems confronting many condominium owners throughout this country.

One common factor in condominium housing developments is that the unit owners assess themselves through their associations or corporations for all of the expenses necessary to operate, administer, manage, and maintain the area or facilities which are common to all of the residential units. The assessments also include reserves for depreciation, obsolescence, and replacement of facilities which are used in common. Thus, the unit owners are really contributing to a common fund which is then dispensed by the owners themselves for the common good as they see fit. Since the moneys contributed to the associations are distributed solely by the unit owners themselves and are not for any services rendered, these moneys should not be considered as taxable income. Also, the Internal Revenue Ruling 70-604—26 CFR 161-1—as amended by Revenue Ruling 71-11, implied that any excess assessment money must either be returned to the unit owners or applied to the following year's assessment. This means it would be virtually impossible for an association to build up its cash reserves for the maintenance expenses as well as for the replacement of obsolete equipment without having the funds taxed. The Senate version of the Tax Reduction Act of 1975 included an amendment which provided this tax-exempt status for owners' associations. Unfortunately, this amendment was deleted in conference. Thus, I am again introducing legislation which would accomplish my objective to provide a tax-exempt status for cooperative housing corporations and condominium housing associations.

The other bill addresses the practice of placing long-term leaseholds upon the land on which a condominium is built or the facilities which serve the condominium. This is an insidious technique which can ultimately nullify the potential benefits of purchasing this type of housing.

Since these leases are tied in with the sale of the condominium, they negate the idea of homeownership and instead make the owner subservient to a landlord, usually for a "sweetheart" period of 99 years. Consequently, this legislation which I am introducing would amend section 234 of the National Housing Act such that insurance of blanket mortgages will be withheld if these housing projects are subject to a leasehold. The bill also provides that the Federal National Mortgage Association be prohibited from purchasing conventional condominium mortgages if the developer retains a leasehold interest in the common areas or facilities of the housing involved.

Mr. Speaker, I believe these two bills are essential if condominiums are to remain as a viable means of reasonably priced housing for our young families and senior citizens both now and in the future. The text of the two bills follow:

H.R. 7244

A bill to amend the Internal Revenue Code of 1954 to provide an exemption from income taxation for cooperative housing corporations and condominium housing associations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 501(c) of the Internal Revenue Code of 1954 (relating to list of exempt organizations) is amended by adding at the end thereof the following new paragraphs:

"(20)(A) Cooperative housing corporations (as defined in section 216(b)(1)).

"(B) Any organization formed for the purpose of managing, operating, and maintaining the property within a condominium housing project which is owned in common by the owners of units within such condominium housing projects, if—

"(i) membership in such organization is limited to the owners of units within such condominium housing project,

"(ii) no member of such organization is entitled (either conditionally or unconditionally) to receive any distribution from such organization except on a complete or partial liquidation of the organization; and

"(iii) 80 per centum or more of the gross income of such organizaton consists solely of amounts received from the owners of units within such condominium housing project.

"(C) For purposes of this paragraph, the term 'condominium housing project' means any condominium project substantially all the units to which are used by individuals as residences."

SEC. 2. The amendment made by the first section of this Act shall apply to taxable years beginning after December 31, 1974.

H.R. 7243

A bill to amend the National Housing Act to prohibit Federal Housing Administration insurance of blanket mortgages on condominium projects, and Federal National Mortgage Association purchases of conventional condominium mortgages, where the developer retains or will retain a leasehold interest in the common areas and facilities of the project involved

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 234(d) of the National Housing Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by redesignating paragraph (2) as paragraph (3); and

Comp a'nts abou' condom'niums spark action by legislators

Special to
The Christian Science Monitor

Washington

Complaints rolling in from purchasers of condominiums who failed to read the fine print in their contracts are prompting legislators to consider laws and regulations to govern the industry.

Several states and a number of counties have adopted regulations. But the rapid growth of condominiums has left most local governments with a regulatory gap.

As a result, moves may develop on the federal level to establish standards for construction and sale of condominiums. The idea would be to protect buyers against the quick-buck artists who occasionally take advantage of the housing shortage and the ignorance of purchasers about this new form of home ownership.

The first bill to regulate condominiums has been introduced in Congress by Rep. Cardiss Collins (D) of Illinois, who was elected one year ago to succeed her congressman-husband. He was killed in the same plane crash that took the life of Mrs. E. Howard Hunt, wife of the Watergate figure. Mrs. Collins got interested in the subject when constituents began complaining about being turned out of their rented apartments with little notice as buildings were converted into condominiums.

Forecasts exceeded

Mrs. Collins charges that "in certain instances" condo buyers are stuck with ramshackle construction, and maintenance fees and real estate taxes that exceed the seller's projections. Sometimes buyers think they have purchased a share in the recreational facilities and later find out there are extra costs involved. In one instance, she said, the developer made a 50,000 percent profit on the recreational facilities alone.

An official of the Department of Housing and Urban Development says he figures "the pressure for federal regulation will mount because of the letters congressmen are starting to get." The department, however, has shown no interest in moving into the field. Secretary James T. Lynn indicates the administration would prefer to leave it up to state and local governments if possible.

Notice required

Florida, which has gone through a rash of condo scandals, has adopted some regulations.

Montgomery County, a suburb of Washington, D.C., last week passed a "condominium purchasers bill of rights." It requires owners who are converting rental apartments to condominiums to give tenants six months' notice and to make reports on the financial aspects of the conversation. But apparently only a few states have taken action so far.

Mrs. Collins's bill would provide for an assistant secretary for condominiums in HUD to develop regulations. Her bill would require adequate notice to renters being ousted.

It would also set some standards for condos built with federal assistance, including a year's warranty on the structure and appliances, written estimates of operating and maintenance costs, and clear statements of recreational fees and other financial aspects.

Since contracts governing sale and governance of the condominiums, which are run by a board of apartment owners after the developer gets out, may run 100 pages, few purchasers are sophisticated enough to know exactly what they are getting into.

Federal involvement in the problem so far has been minimal. HUD will shortly publish a 47-page booklet called "Questions About Condominiums" as a guide to buyers. But it has little authority to prevent abuses.

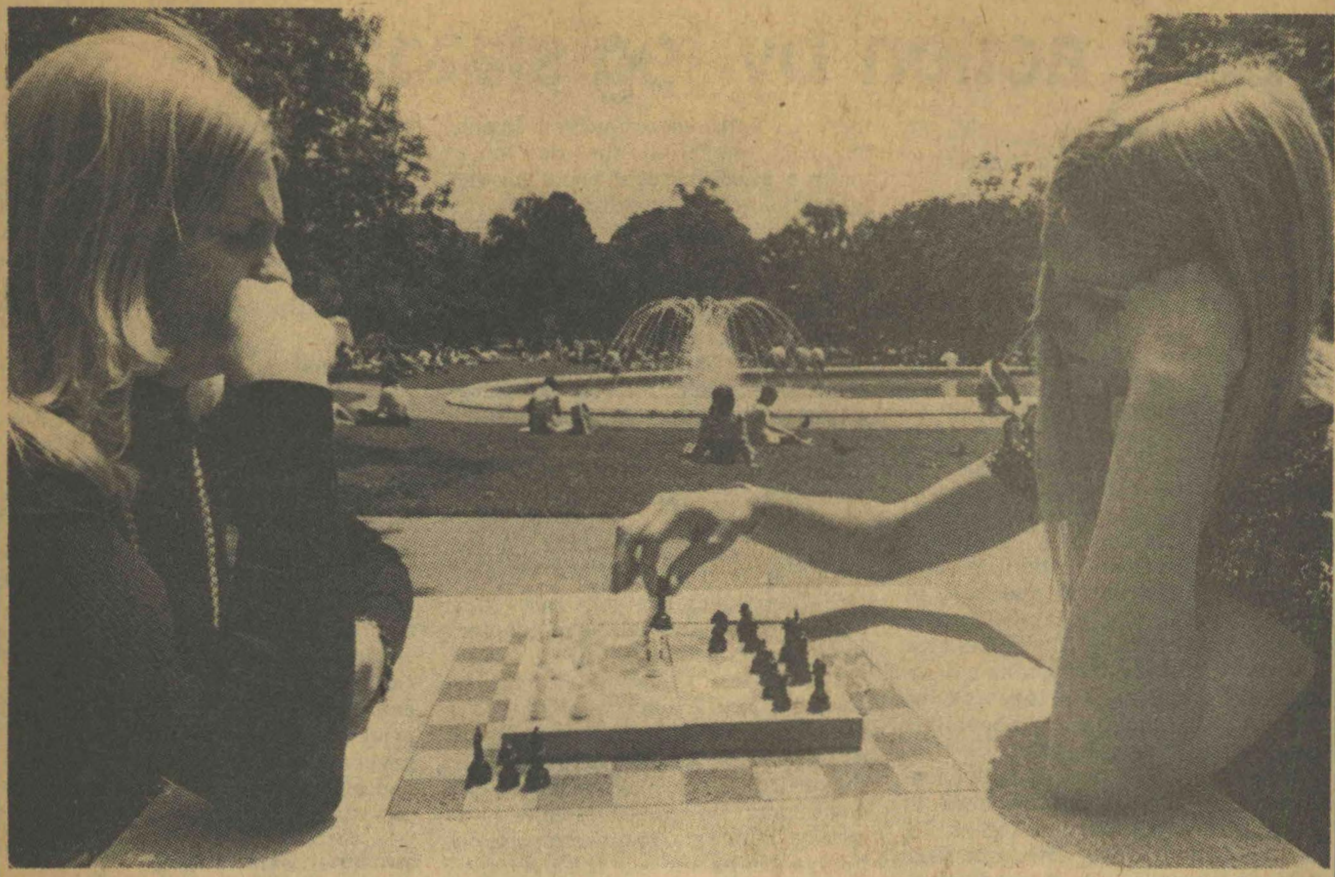
The Federal Trade Commission has also conducted a study of condominium problems in Florida with a view to possible regulations dealing with deceptive practices.

The Securities and Exchange Commission recently proposed some policy changes regarding condominiums sold as investments. With approval of the Federal Reserve Board, the SEC is planning to exempt condominium securities from the Fed's margin rule (affecting the amount of credit that can be extended). The SEC also proposed easing its policy to enable real-estate promoters to help condominium buyers find mortgage financers.

Sweeping the country

The condo craze has swept the country faster than ability of government to catch up with possible abuses. A few years ago condominiums were few and far between; this year 14 percent of new housing starts will be condos and in some major cities half or more of the new housing units are condos.

While most condominium projects are undertaken by reputable builders, the abuses, says Representative Collins, are "a growing and serious problem." A companion bill to that of Mrs. Collins is soon to be introduced in the Senate. But there has not yet been any move for hearings in the Senate and House Banking Committees, which deal with housing legislation.



Squaring off—a stone's throw from the White House

Eighty degree weather and chess . . . some folks would say they go together like ham and eggs. That's how it was at Lafayette Park — across Pennsylvania Avenue from the White House — when a hot spell hit Washington. While others were content to sprawl their lunch hour away, this twosome got down to a spot of chess. Right now, it's black bishop to the attack. . . .

talya A. Reshetovskaya and is said to cover the years from 1936 to 1964. The couple separated in 1970 and divorced last year. They were still living together when Mr. Solzhenitsyn wrote "The Gulag Archipelago," an account of the Soviet labor camp system. Earlier this year, his former wife criticized it in an interview with a Soviet press agency as "camp folklore" rather than a genuine reflection of history.

Miss Cornell for many years represented a major force for artistic quality in the theater, writes Monitor theater critic John Beaufort.

The daughter of a Buffalo, N.Y., surgeon-turned-playhouse-manager, Miss Cornell began amateur acting as a child. She made her Broadway debut in 1921 and became an established star with her performance of Iris March in "The Green Hat." In those early plays, her magic could transform trivia.

It was as an actress-manager — playnified not only the best supporting casts available but the best available talent in all theatrical departments.

QUOTE

Defendants' testimony

"Just as the law does not require

Fortunately Congress appropriated more money several weeks ago and ordered the FTC to continue its investigation, But it should make apparent that the FTC does not have your interests at heart.

As president, I would ask the FTC to go to court tomorrow on behalf of condominium owners. I would ask them to investigate unfair practices and ask for the abolition of the 99-year and other recreation leases under a 1914 ruling which was supposed to abolish "unfair and deceptive trade practices."

You and I know that it is time to change that story.

The first place to begin is in the regulatory agencies which are desgined to protect the interests of consumers against unfair business practices. For too long, these agencies have been the refuge of special interests, instead of the other way around.

The revolving door which now exists between regulatory agencies and the regulated industries should be closed. A recent report stated that a total of 350 decisionmakers once worked for the industries they now regulate. At least 41 high-level officials -- and probably many more -- have left those agencies in the last five years to take often more lucrative posts with companies in those same regulated industries.

More than 100 of the government officials who decide what drugs can be sold and what chemicals can be put in food once worked for drug or chemical companies. That is not an uncommon occurrence in other regulatory agencies.

We obviously need federal legislation to restrict the employment of any member of a regulatory agency by the industry being regulated. We also need a president whose commitment is to the average working man and groups in our society, the consumers, who need protection.

One regulatory agency designed to protect consumers like yourselves is the Federal Trade Commission. But lately, with the sort of "special interest friends" our Republican presidents have been putting on the commission, you haven't been getting much protection.

The FTC started an investigation of condominium abuses two years ago. But in May of this year, it was reported the commission had decided to suspend hearings after hearing testimony from mostly developers. They decided that your money could better be spent investigating other abuses -- like the fake fur industry. One official said of the condominium owners, "They were grown people who should have known what they were doing."

I appreciate the opportunity to talk with you today about my candidacy for President and about a problem facing many Americans, particularly in the state of Florida. I want to talk to you about condominiums.

In the past five years, the growth in sales of condominiums has been phenomenal. In 1969, only 5,000 new condominium units were sold; in 1974, the number was over 200,000. Today 2 million Americans live in condominiums. 250,000 or 1 out of ~~everty~~ every 8 Americans that lives in a condominium lives in Florida.

Last year in Florida, condominiums were accounting for 75% of all for-sale housing going up in this state. In Dade County, the number of condominium permits alone doubled between 1971 and 1972.

Often, these condominiums have been the refuge of two distinct groups in our society -- the young and the elderly. In many cases, the buyers have been pleased with their purchases. There are many who say that well-planned condominiums may be the lifestyle of the future, with a large percentage of this country's population living in them by the year 2000.

But that is only part of the story. And it is the other part of the story about which I want to talk with you today.

In many cases, the story of condominiums (99-year leases etc. etc.) has been a story of abuse of consumers, of ~~landlords taking gross advanta~~ developers taking gross advantage of their buyers and the land, It has ~~been~~ often been a story of the interests of business prevailing over justice.

It is a story of elderly people living on fixed incomes who have been evicted from moderate-rent buildings and continue to be evicted because of unfair business practices. It is a story of fine print on lengthy business contracts and policies of deception.

It is a story of state and federal government inaction to correct ~~the abuses of the past~~ the rules. It is a story about public officials whose concern ~~over [illegible]s~~ has not yet caught up with the abuses of the past/

Condo buyers bill of rights -- BUSINESS PRVALIGN OVER JUSTICE

1969 only 5,000 new condo units sold, in 1974 over 200,000

but concern of public officials over abuses has not caught up with the boom. elderly people living on fixed incomes have been summarily evicted from older moderate-rent buildings so they can be converted into luxury condimin.

(1) --Condiminiym buyers often inherit heating, wiring, water-pipe and other building problems. Misrepresentations about true conditions of converted buildings. Local governments are now considering regulations to require condiminium salesmen to prove buyers were provided with and understood engineer's report on building conditons.

(2) --Buyers of converted condiminium apartments often find large increases in property taxes. Reclassification from rental to home, twice as much.

Last year in La., condos were accounting for 75% of all for-sale housing going up in the state. In Dade County, the number of condo permits doubled between 71 and 72.

(3) --poor construction is a national complaint acc. to surveys.

Fed has made some efforts. A new national model building code could help improve construction quality. The SEC has ruled that sellers of certain types of condos must register their offerings and submit to SEC regulations on sales practices. HUD is cracking down on sales practices for recreations and vacation developments.

--DEVELOPMENTS WITHIN STATES: --90 day notice for eviction
-- requiring % of tenants vote (35%?)
--simplify sales agreements

"Thousands of apartment dwellers hare being forced out because they can't afford to pay double their current rent -- the averageincreasein cost.

(4) --Most common abuse is failure of developers to report full cost of maintaining a condominium.

(5) --Developers retain control of parking lots, rec facilities dem & lobby 99-yr leases
Licensed engineer idea and detailed prospectus for approval.

(6) --Displacement

MUST HAVE SOME REGULATION AND A DEVELOPMENT OF CONSUMER AWARENESS. MEANS TO UNLOAD PROBLEMS ON THE CONSUMER UNDER THE GUISE OF HOME OWNERSHIP.

2 million live in condos of which 250,000 are in Fla.

Lack of FTC investigation a crime.

condos not all bad -- wave of the future.

--rent-control as way of avoiding increases in leases

--assistant secretary of HUD for condiminiums? ~~federal regulatory commission~~?

** abolish rec-leases go to court termin. → FTC 101 "unfair & deceptive practices" (purports to go into court on behalf of condo owners)

** IRS ruling taxing condo associations (already put taxes on owners) were a losers

CONDOMINIUM PITFALLS

continued from page 26

buy. The most important and most easily achieved goal is to give tenants a voice in the decision to convert. Such a law could require developers to have the approval of a sizeable proportion of a building's tenants (New York law stipulates 35 percent) before converting to a condominium; it could also forbid punitive rent increases or other coercive measures if the tenants decide against conversion.

For more information and ideas for action, write to the National Tenants Information Service, 425 13th Street, N.W., Washington, D.C. 20004.

A vacation note from Ralph Nader: During the summer months, thousands of tourists come to Washington, D.C. The Public Citizen Visitors Center was recently opened in Washington to provide tourists with a diversity of interesting ways to learn about and contribute to their government and citizen awareness. The center will direct inquiring visitors to federal regulatory agency activities and Congressional committee hearings (which in one typical week included such subjects as youth camp safety, the drug industry, air pollution standards, energy waste, health insurance and aircraft noise). A weekly calendar will provide the time and place of events not on the usual tourist map and also suggest visits to agencies that will provide free briefings and instructive tours—such as the Goddard Space Flight Center and the Department of Agriculture's Experimental Research Station. Plan to visit the tourist center on your next trip to Washington. The offices are at 1200 15th Street, N.W., and the phone number is (202) 659-9053.



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TEDDY

continued from page 128

presents a threat to their good names back home; it is exceedingly difficult to convince the voters that life in Washington is hard work when Ted continually appears in print suggesting otherwise. Sexual morality in this country is even more important for reelection than integrity, and American politicians have learned to leave titillating sex scandals to their British counterparts. In the United States, hypocrisy in high politics is essential to the system. In this case the age-old Washington adage has a ghoulish relevance: the man fool enough to get caught in bed with a live boy—or a dead girl—is politically finished.

"He's not Jack or Bob"

When I asked one highly knowledgeable Washington power-broker to assess Teddy's chances for the 1976 Presidential nomination, he responded with a candor unusual among men who deal in politics. "The greatest example of Jack Kennedy's impact on this country today," he said, "is that Ted is even considered a serious Presidential contender. If he were Senator Smathers' kid brother, he'd be on some bank board in Miami and damned grateful for it. Teddy's a nice enough kid, but he just doesn't have what it takes—even before Chappaquiddick he didn't. When it comes right down to it, he's not Jack or Bob and he knows it. But he thinks he has to try. I feel sorry for him. That's one hell of a load he's carrying.

It appears to be a solitary load. Ted Kennedy has neither the talent nor the urge to surround himself with the great aggregate of friends, advisers, flunkies and hangers-on that his brothers seemed to need and enjoy. Unlike his brothers, Teddy does not develop infatuations with the giants of sports, stage, screen, the arts or the media. I never once saw a mountain climber in his house. His few close friends date back to college days, generally he is seen with his Senate crony, John V. Tunney of California, a divorce. Together they spend time with Teddy's nieces and nephews, along with their own children, sailing and camping on Nantucket or the Cape.

While some complain that he is often icy and aloof at formal functions, Teddy is gregarious: he likes social gatherings of people his own age, and has never been publicly noted for leaving a party unaccompanied. Few politicians, especially the young and famous, have problems attracting women. The Kennedy magnetism is legend, and public association with any one of them has always guaranteed a woman a quick and certain celebrity. With Teddy, there is the additional convenience that he is vulnerable in his loneliness, and he is seldom in the company of his w

A number of the older men w rounded John F. Kennedy in t even days have expressed a c private disdain for Kenned dacy, considering him ungrate undeserving of JFK's legacy. Th much as two decades' differenc between them and Ted; often t incapable or unwilling to evade pervasive bias that Ted is "the that he should be treated as an all these men among Camelo brightest have achieved public on their own merits; some ha quite survived their bitterne deprived of their brush with g when Jack Kennedy was st under them in Dallas.

Nor are those who were cl with Robert Kennedy especiall ed by Ted. Even the younger v Bobby's campaign express reser over Teddy and the promise the he destroyed for them at Ch quiddick. They all, however, mai continue looking toward Kenne their future political fortunes him now as the last horse in the as their final hope for renewed

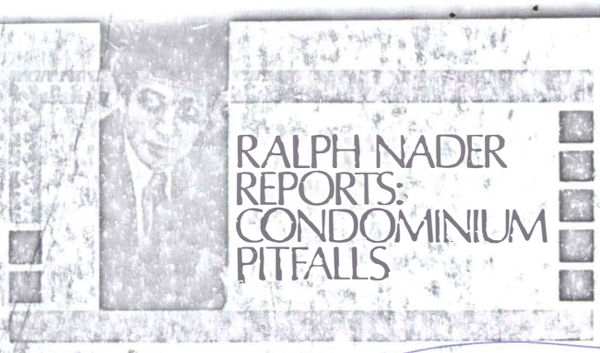
Not long ago, I spent an even several strong Kennedy supporte a former member of the Senator the others notably close to Bobb Jack. Implicit in their speculatio that all of them were close to and mysteriously authorized to for him. Chappaquiddick, they a *was* still an issue, but after all, happened a long time ago; a accident and people tend to forg

Sick, silly game

I asked how long it had been any of them had been outside t virons of Washington politics, ho since they had actually sampl feelings of the American public could only cite the dubious res commissioned surveys and polls ing that Watergate oversha Chappaquiddick. I argued from experience that most America not wholly lost their sense of mo rage, and that while many of the I have encountered around the are somewhat resigned to corrup government, this laissez-faire somehow does not extend to de

When the conversation amon Kennedyites descended to a over whether the amputation Jr.'s, cancerous leg would "can Chappaquiddick in the public —who have a notoriously high t for the sick, silly game of po cused myself and went home

It was then that I began to seriously of Ted Kennedy in the context by which I have never him measured. I began to se with every reason not to trust



RALPH NADER REPORTS: CONDOMINIUM PITFALLS

The noted consumer advocate reports on the pitfalls of condominiums. Here's how tenants can protect their rights—and get their money's worth.

In the past few years, the real estate industry has discovered a new way to make profits: the condominium. This relatively new development in the housing field is a method by which apartment dwellers buy their own apartments and make monthly payments for maintenance. The monthly payments are initially set by the builder or by the individual who converts an existing apartment home into a condominium. Builders can expect to make twice the profits on new condominiums as on single houses, which is one reason that while housing starts were down an estimated 15 to 20 percent last year, condominium starts increased by 4 percent. Because it is more profitable than finding single buyers for older apartment buildings, existing rental units are being converted to condominium apartments at a startling rate. In Washington, D.C., conversions already account for a reported 6 to 8 percent of a total of 200,000 apartments—most of them converted into condominiums during the past three years.

There are advantages to owning an apartment: you can build up equity, you receive the same tax advantages as a homeowner, and you share with neighbors the cost of facilities you might not be able to afford otherwise.

But the sudden upsurge of condominiums, virtually unregulated except in a few states, has created problems for the unwary purchaser. As the chairman of a Florida commission appointed to investigate condominium abuses has noted, "Under our present law, we found there is opportunity for greed and inefficiency by sharp developers. The likelihood of disappointment for the buyer is great."

Like many condominium owners, you may find yourself saddled with maintenance costs far higher than anything the developer told you about. You may discover that your building requires costly repairs that the former owner has, in effect, passed on to you and your fellow purchasers.

You are in even worse shape if the building in which you are living is converted into a condominium and you don't want to buy your apartment. Thousands of apartment dwellers are being forced out because they can't afford to pay double their current rent—the average increase in the cost of owning the apartment. Tenants who don't want to buy may be given as little as 30 days to vacate. And in cities such as Chicago and Washington, D.C., where conversions to condominiums have drastically reduced the number of rental apartments, finding a new place to live may be next to impossible.

Protecting the public's right against abuses by condominium developers has become a major housing issue. Whether you are a prospective purchaser or a tenant who wants to go on renting, here are some of the problems condominiums may pose for you:

1. The most common abuse reported is the failure of developers to disclose the full cost of maintaining a condominium. These costs are shared by all apartment owners according to the size of their apartments and are over and above the monthly mortgage payments and the maintenance of individual apartments. Understated maintenance fees are compounded when condominium owners find major building flaws that must be repaired at their expense. For example, in one Florida condominium the new owners had to pay $100,000 to waterproof areas that had been damaged by rain.

2. Another widespread practice is for developers to retain ownership of recreational facilities, parking lots and other facilities and then rent them back to apartment owners—often at exorbitant fees. A Florida attorney recently told the Wall Street *Journal*, "Some developers are getting fat by charging $250,000 a year on 99-year leases to use a small swimming pool."

A few states, including New York, Virginia, Michigan, California and Hawaii, require developers to present a detailed prospectus for approval by a state review agency. Experts say that where such statements are not required, prospective buyers should demand a detailed operating budget that clearly spells out monthly assessments and services to be received. The purchaser should find out who will manage the building and whether the developer has provided reserve funds to correct possible construction flaws might be discovered after the buyer moves in.

One of the most important pieces of information you should get is a certificate from a licensed engineer describing the present condition of the building and expected useful life of "common elements," such as the roofing, plumbing and air conditioning systems. In Washington, D.C., the tenants of a building slated for conversion hired an engineer at their own expense and saved thousands of dollars. In one thing, the engineer found that the plumbing system needed replacement. The owners agreed to put in new copper pipes *before* conversion.

3. Perhaps the most serious problem of condominiums is the displacement of large numbers of tenants who cannot afford to buy an apartment. The effect of condominiums is to remove large blocs of rental housing that have been available to people with moderate incomes, people with fixed incomes and young people. Bearing the brunt of the conversion trend are older citizens who usually comprise a large percentage of tenants in converted buildings and who often don't have the money to buy, even if they wanted to. Nor are they apt to be interested in such facilities as tennis courts and pools.

The Retired Professional Action Group (RPAG), in a study of condominiums in Washington, D.C., found that the impact of conversions on the older population could be devastating. RPAG found older people who were forced to move from apartments they had occupied for 25 years or more. Many of them are not equipped physically or financially to make a successful move; many can find no place to go except a nursing home.

In many cases, developers give tenants only 30 days in which to decide to buy or move out. This kind of high pressure has forced some tenants to make ill-advised decisions to buy. It is also often an intolerable burden for those who must leave. A partial answer to this problem is for the tenants to make a counter offer to the owner and then operate the building themselves as a cooperative.

A broader solution calls for legislation on the city, county and state level. Among the legislative goals to be sought are a moratorium on conversion of apartment buildings to condominiums, a requirement that the owner help in finding alternate housing for displaced tenants; encouragement of low- and moderate-income housing construction; giving 60 days' notice to tenants during which they can exercise their option to buy a converted apartment, and another 30 days before they can be required to vacate if they decide not to.

(continued on page

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From Congressman

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September 4, 1975
Release upon receipt

Contact: Mark Olman
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SENATE SUPPORTS LEHMAN/CHILES CALL FOR COMPLETION OF CONDO PROBE

On September 3rd, the Senate passed H.R. 8121 which directs the Federal Trade Commission to complete its investigation into 99-year condominium lease abuses.

Congressman Bill Lehman (D-Fla) had sponsored a similar move in the House which was approved on June 26 and Senator Lawton Chiles (D-Fla) sponsored the Senate action.

In language prepared jointly by Lehman and Chiles for a report to accompany the bill, the Senate Appropriations Committee said:

"The Committee concurs in the House increase of...$75,000 for the condominium investigation with the understanding that the Commission will utilize whatever resources are necessary to complete the condominium investigation and that $75,000 shall not be construed as a ceiling."

"Both Houses of Congress have now ordered the Federal Trade Commission to complete its investigation into unfair and deceitful condominium recreation leases," said Congressman Lehman.

"I will be carefully watching the progress of the FTC investigation to insure the earliest possible action to relieve the hard-pressed condominium owners in South Florida," Congressman Lehman added.

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State Bd of Land Development

+

explanation

Mike Farrell

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June 26, 1975
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HOUSE BACKS LEHMAN MOVE TO RENEW CONDO PROBE

The House of Representatives has voted to support Congressman Bill Lehman's efforts to force the Federal Trade Commission to complete an investigation into 99-year condominium lease abuses.

When the FTC suddenly dropped its investigation of unfair and deceptive practices in the condominium industry in mid-March, Congressman Lehman invited South Florida condominium owners to Washington for hearings on April 30, to document the need for the continuation of the probe.

On May 20, Congressman Lehman went before a House Appropriations Subcommittee to request funds earmarked for the renewal of the FTC investigation "to bring relief to condominium owners now suffering under escalating 99-year recreation leases."

On June 20, the full House Appropriations Committee voted to approve the request.

On June 26, the House of Representatives voted to approve H.R. 8121, a bill making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies including the FTC, for fiscal year 1976. Funds to complete the condominium abuse investigation are contained in the bill.

"While there are still a number of obstacles to be cleared before these unjust recreation leases are abolished, I will continue to work for Federal action to relieve the hard-pressed condominium owners in South Florida," said Congressman Lehman.

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HOUSE SUBCOMMITTEE FUNDS FTC PROBE INTO 99-YEAR CONDO LEASES

Congressman William Lehman (D-Fla) today announced that Congressman John Slack, Chairman of the House Appropriations Committee's Subcommittee on State, Justice, Commerce and Judiciary, informed him that his request for funding to reopen the FTC investigation on ninety-nine year condominium lease abuses had been favorably approved by the subcommittee.

"Congressman Lehman's persistence in bringing this matter to the subcommittee's attention has given us new insight into the problems of the ninety-nine year recreational leases." Chairman Slack added, "The subcommittee will recommend that the legislation contain language specifically instructing the FTC to proceed with its condominium investigation."

In mid-May, Congressman Lehman testified before the subcommittee. At that time, Lehman urged the subcommittee to earmark a sufficient sum in its FTC appropriation for that agency to reopen its investigation into the question of ninety-nine year recreational leases.

"I am very pleased that the Appropriations Subcommittee has responded favorably to my request. I know that thousands of condominium owners now suffering under unfair and unjust recreation leases in South Florida and throughout the nation join me in thanking the members of the subcommittee."

Congressman Lehman further stated that "the subcommittee's action is the first of a number of obstacles that this legislation must clear, but I pledge that I will continue to do everything I can to see that this appropriation's bill becomes law and that the FTC will follow the intent of the Congress."

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ORDER THE FTC TO RENEW ITS CONDOMINIUM INVESTIGATION

Congressman Bill Lehman (D-Fla) has urged a House Appropriations Subcommittee to use its authority over the Federal Trade Commission's budget to order the FTC to resume its investigation into condominium abuses.

On May 20th, Congressman Lehman testified before the State, Justice, Commerce and Judiciary Appropriations Subcommittee which has jurisdiction over the FTC budget.

Congressman Lehman told the Subcommittee that the Federal Trade Commission's suspended investigation was the only available avenue of Federal relief for condominium owners suffering from escalating recreation leases.

"Therefore, I respectfully urge the Subcommittee to incorporate language into the report or the appropriations bill itself that would identify specific areas where funds should be directed with regard to the condominium investigation," said Congressman Lehman.

Appropriations Subcommittee Chairman John Slack (D-W.Va.) responded to Congressman Lehman saying, "We are well aware of your concern in this area and we look upon it with a great deal of sympathy. Something must be done."

In the coming weeks the Appropriations Subcommittee will meet to decide whether it will order the FTC to renew its condominium investigation. In previous testimony before the Subcommittee, Federal Trade Commission Chairman Lewis Engman indicated he would follow whatever course the Congress recommended.

"The Federal Trade Commission's investigation must be renewed to bring relief to condominium owners now suffering under existing unfair and unjust recreation leases."

"While I am hopeful that the Subcommittee will act favorably, I am willing to take this matter up before the entire House of Representatives if necessary," said Congressman Lehman.

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May 1, 1975
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HEARINGS PROBE FTC DECISION TO DROP CONDOMINIUM INVESTIGATION

Congressmen Bill Lehman of Miami and Ben Rosenthal of New York held hearings on April 30th on the Federal Trade Commission's recent 3 to 2 decision to drop its investigation of unfair and deceptive practices in the condominium industry. The FTC had been reviewing the legality of the 99-year recreation leases.

Chairman Lewis Engman of the Federal Trade Commission was summoned to explain the FTC decision.

Appearing at the request of Congressman Lehman to answer Chairman Engman were Rodney Tennyson, Assistant Attorney General of Florida, and a panel of witnesses from South Florida including Jack Domash, First Executive Vice President to the Condominium Owners Association; Ralph Madonna, President, Winston Towers Condominiums; Ernest Samuels, President, Point East Condominiums; and George Sipkin, Attorney to the Point East Condominiums.

"I can see no real reason for you dropping this investigation at the present time," Congressman Lehman told Chairman Engman. "You are putting your priorities in the wrong order by delaying this."

"There is no more important priority in consumer protection than protecting a person's home. That's what you should be trying to do."

"The Federal Trade Commission's investigation, if renewed, is the best way to bring relief to condominium owners now suffering under unfair and unjust recreation leases."

Congressman Lehman is continuing to explore legislative remedies to force the Federal Trade Commission to renew its investigation into the legality of the 99-year recreation leases.

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February 26, 1975
Release upon Receipt

Contact: Mark Olman
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HUD AGREES TO CONDOMINIUM HEARINGS IN SOUTH FLORIDA

The Department of Housing and Urban Development has informed Congressman William Lehman that it is agreeable to holding hearings in South Florida on condominium abuses as requested.

The hearings are expected to be held early in the spring. The exact date and location of the hearings has not yet been set.

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February 19, 1975
IMMEDIATE RELEASE

Contact: Mark Olman
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CONDOMINIUM HEARINGS NEEDED IN SOUTH FLORIDA

Congressman William Lehman, in cooperation with Senators Lawton Chiles and Dick Stone and Congressmen Dante Fascell and Claude Pepper, has written to the Department of Housing and Urban Development (HUD) to request that a Federal hearing be held in South Florida on condominium abuses.

Section 821 of the Housing and Community Development Act passed by Congress last year directs the Secretary of HUD to conduct a full and complete investigation of "the problems, difficulties, and abuses or potential abuses applicable to condominium and cooperative housing."

The Secretary has one year to complete the investigation and to submit specific legislative proposals and recommendations to Congress to help correct condominium housing problems.

In his letter of February 10th to James L. Mitchell, Undersecretary of Housing and Urban Development, Congressman Lehman noted:

"It would be most advantageous from your perspective to instigate hearings at specific condominium communities in selected areas. In this way, your panel would gain a first-hand account of what actually transpires between condominium buyers and sellers in various localities around the country."

"I respectfully request that the Department of Housing and Urban Development schedule hearings at condominium communities in and around Dade County, Florida. South Florida, as you well know, is the undisputed, nation-wide leader in condominium developments."

"By resuming your hearings in South Florida you would be serving a most useful and constructive purpose by demonstrating to condominium owners as well as developers that the Federal government is committed to undertaking a thorough evaluation of the condominium industry."

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Correspondence attached

#125 — Uranium Reserves

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

Vol. 122 WASHINGTON, MONDAY, APRIL 26, 1976 No. 58

Senate

DOMESTIC URANIUM RESERVES INADEQUATE TO FUEL MORE REACTORS

Mr. GRAVEL. Mr. President, above and beyond the safety problems, the radioactive waste problems and the weapons proliferation problems of nuclear power, another constraint on the development of atomic energy is now coming to light.

It is the simple fact that we do not have enough uranium to fuel a large number of reactors.

Considering our domestic reserve of economically viable uranium alone, we may well already be building and operating more light water reactors than we have fuel for. Naturally, more uranium exists overseas—but to plan to rely on imported uranium for our nuclear power plants is a strange way to achieve energy independence, which is the rallying cry of many of the supporters of nuclear power.

Authorities throughout the Western world are now recognizing that a shortfall in uranium supply is likely as early as 1980.

The Committee for Nuclear Responsibility has just published two new papers on the uranium fuel situation: "The Nuclear Fuel Scandal," by Egan O'Connor; and a flier entitled "Nuclear Power: Bad for Jobs." These papers draw together in a very concise way the evidence showing that, because of the small amount of usable uranium ore, nuclear power cannot contribute significantly to our long-term energy needs.

I would like to note the directorship of the Committee for Nuclear Responsibility:

John W. Gofman, Professor Emeritus of Medical Physics, University of California at Berkeley.

Richard E. Bellman, Professor of Mathematics, University of Southern California.

Ramsey Clark, former Attorney General.

John T. Edsall, Professor of Biochemistry, Harvard.

Paul R. Erlich, Professor of Biology, Stanford.

David R. Inglis, Professor Emeritus of Physics, University of Massachusetts.

Eloise W. Kailin, American Board of Allergy and Immunology.

Richard Max McCarthy, former Congressman.

Ian McHarg, Chairman, Department of Landscape, Architecture and Regional Planning, University of Pennsylvania.

Lewis Mumford, author and Honorary Fellow, Science Policy Foundation.

Linus Pauling, Nobel laureate, Professor of Chemistry, Stanford.

Harold Urey, Nobel laureate, Professor Emeritus of Chemistry, University of California at San Diego.

George Wald, Nobel laureate, Professor of Biology, Harvard.

James D. Watson, Nobel laureate, Professor of Biology, Harvard.

Mr. President, I ask unanimous consent that the Committee for Nuclear Responsibility papers be printed in the RECORD.

THE NUCLEAR FUEL SCANDAL

(By Egan O'Connor)

The U.S. is already building nuclear power plants for which there exists no known U.S. fuel supply.

All authorities (including ERDA and the U.S. Geological Survey) agree that proven uranium reserves in the U.S. total only 600,000 tons of yellowcake (U_3O_8) from ores richer than 200 parts per million; all additional tons in that class are only "potential", "possible", "probable", "speculative", "assumed", and "estimated"—the epithet depending on the particular document in hand.

But to fuel the 700 large American reactors which have been touted as major contributors to our energy supply in the next 25 years (supposedly producing 30% of our energy by the year 2000, if only we would stop objecting to them on safety grounds), it would require not a pitiful 600,000 tons of uranium oxide/yellowcake, but rather about 7,800,000 tons of it if there is no fuel reprocessing, or about 5,800,000 tons if there is successful reprocessing.

As for 600,000 tons—they are sufficient to fuel only 54 of the thousand-megawatt plants for their lifetimes, or 73 plants if we assume reprocessing of used fuel. (See calculations and assumptions spelled out in "Nuclear Power . . . a Trivial Source of Energy", CNR 3/76).

In other words, Congress and the press and the American voters are being sold "pie in the sky when it comes to nuclear power. There is nothing but an imaginary supply of fuel for the program.

As for gobs of nuclear power in the next century via the nuclear breeder—which is getting about 7 times more tax-money than solar energy—let's wait to see if they can show us how a few Light Water Reactors can produce enough plutonium for a breeder program of *any* energy significance in the next 50 years. Robert Seamans, ERDA's chief, talks about the "myth" that solar energy can provide a significant amount of energy before the year 2000; suppose the real myth is that the breeder can provide a significant amount of energy before the year 2100?

TEN AUTHORITIES DESCRIBE THE NUCLEAR FUEL SHORTAGE

(1.) Dr. Chauncey Starr, former Chairman of Engineering at UCLA and now head of the utilities Electric Power Research Institute, says that over the next 25 years, we will need to find from 4 to 8 times as much uranium as the present U.S. total of proven reserves. (In *Fortune* magazine, "We May Find Ourselves Short of Uranium, Too," by Dr. Ralph Lapp, Oct. 1975).

(2) Warren I. Finch, chief of the U.S. Geological Survey's Branch of Uranium Resources, says the U.S. will need five times more uranium than has been found so far "if the nuclear power industry is to survive on domestic fuel." (Dec. 9, 1975, at a USGS uranium conference in Colorado).

Note: The difference between our calculation that 9.6 to 13 times more uranium would be needed, and their 4 to 8-fold figure, arises largely from their overestimate of how much energy (kilowatt-hours) a Light Water Reactor can produce from a ton of uranium oxide (yellowcake). Our calculation is performed in "Nuclear Power . . . a Trivial Source of Energy" 3/76, and provides a probable theoretical *maxim*. Examination of *actual* energy output per ton in Light Water Reactors so far shows even *less* energy, according to a report by Morgan Huntington (see paragraph #4).

(3) Siegfried Muessing, Getty Oil's uranium expert, says, "In spite of increased knowledge of the way uranium occurs, the ore bodies are getting harder and more expensive to find . . . This results not only from the increased depth at which (ore) targets must be sought, but perhaps also from an increasing scarcity of these targets." (The Fortune article, Oct. 1975).

(4) Morgan Huntington, mining engineer with the U.S. Bureau of Mines, has shown that the discovery rate of uranium per foot of exploratory drilling has dropped more than 4-fold since 1948. Extension of the curve derived from actual drilling-experience suggests that only 744,000 tons of uranium (from ores richer than 200 ppm) are all that will ever be found. Most uranium ore below 200 ppm will yield less energyvia Light Water Reactors per ton than a ton of coal. (And few people would seriously propose that we mine 2 tons of uranium-bearing shale to get the same energy we could get from mining 1 ton of coal). (From the report, "How Good Are Our Energy Reserve Estimates, and How Much of This 'Energy Reserve' Can Be Made Available to the Economy as Net Usable Energy?", 2/13/76, by Morgan Gurdon Huntington

(5) Robert Nininger, uranium expert for ERDA, says, "No major uranium-producing areas or potential areas have been identified in this country during the past 17 years." (The Fortune article, Oct. 1975).

(6) Dr. Ralph Lapp, physicist and consultant to the utility industry: "The lack of major discoveries is clearly bad news." (From his article in Fortune, Oct. 1975).

(7) Hans Adler, of ERDA's Nuclear Fuel Cycle and Production Division, says, "Demand . . . is projected to be far geater than any resource estimates that can be made on the basis of present factual information . . . a number of predictions, based on largely statistical treatment, have accorded the eastern half of the U.S. the same degree of favorability for uranium discovery as the western half. Such treatment . . . appears to be contrary to available geological evidence . . ." (His report, "Geological Aspects of Foreign & Domestic Uranium Deposits and Their Bearing on Exploration", presented to the Grand Junction Uranium Industry Seminar, 1975.)

Note: Over 90% of proven U.S. uranium reserves are in the west. (*Not Man Apart*, 12/75).

(8.) The U.S. Government Accounting Office, in its preliminary report to Members of Congress on the U.S. uranium shortage, "confirms my initial fear that our nation is in serious danger of running short of uranium within the next 10 years," says U.S. Rep. Ron Motti from Ohio, February, 1976. (See "Critical Mass", 2/76).

CAN AMERICA IMPORT NUCLEAR FUEL?

(9.) C. R. Lattanzi, Canadian geologist, says, "Analysis (suggests) that potential supply from known reserves of uranium is insufficient to satisfy projected demand in the Western World as a whole beyond 1979 . . . Very large shortfalls in supply may be anticipated in the first half of the eighties." (Speech to the World Nuclear Fuel Market annual meeting, in Washington, D.C., Sept. 1975).

Note: The fuel situation is not as limiting for Canadian CANDU Heavy Water Reactors as for the American Light Water Reactors.

(10.) Sir John Hill, chairman of the United Kingdom Atomic Energy Authority, says, "The world's proved resources of uranium in the grades presently exploited are not large, and all these will be committed to conventional reactors ordered up to the end of this year (1975)". (In *Atlas* magazine, "Do We Need Nuclear Power?", 1/76).

IS FISSION FINISHED?

The U.S. Federal Eneryy Administration announced March 4, 1976, a 30% reduction in President Ford's "plan" to get 200 nuclear plants on line by 1985. Although the FEA did not blame the fuel shortage, perhaps this is a signal that (only privately) the government has recognized the fuel scandal, and is backing off President Ford's "plan" to get 700 or 800 nukes into operation by the year 2000!

Meanwhile, the Florida Public Utilities Commission has opened an investigation into the future costs and availability of nuclear fuel. The Florida Power Corp. announced in early January that it would build no more nukes because of the uncertainty of obtaining fuel. On the other hand, Florida Power & Light is still planning to build 4 more nukes in the next 10 years . . . In Connecticut, the Public Utilities Control Authority has started hearings on several issues including the shortage of nuclear fuel. (See "The Power Line", Feb. 1976, from the Environmental Action Foundation).

NUCLEAR POWER . . . BAD FOR JOBS

Quite in addition to the hazards of nuclear power for this generation and thousands of generations to come, there is also a severe shortage of nuclear fuel in the U.S. for the nuclear plants which utilities plan to build;

The construction of nuclear power plants which could not be fueled would deal a horrible blow to the American economy by using up scarce capital and energy which are needed elsewhere for jobs . . . and by causing the cost of electric power to rocket out of sight;

U.S. utilities have already built or started to build the equivalent of 98 thousand-megawatt nuclear plants, which are MORE than can be fueled with certainty;

Reliance on nuclear power plants which could not be fueled would lead to real power shortages and unemployment. For jobs and reliable energy, introduction of solar power now would be a much more prudent policy.

SHORTAGE SOURCES

ERDA (Energy Research & Development Admin), Report #48, a National Plan for Energy RD & D, June 28, 1975, and ERDA Market Survey, Spring 1975; EPRI (Elec. Power Research Inst.) President, Dr. Chauncey Starr, as quoted by Dr. Ralph Lapp in Fortune magazine, October, 1975; U.S. Geological Survey's uranium experts, Dr. Frank Armstrong and Warren Finch, speaking in Colorado to a USGS conference on uranium supplies, Dec. 9, 1975; C. R. Lattanzi, consulting geologist to Robertson & Assoc. (Canada) in speech Sept. 1975 to the annual meeting of the World Nuclear Fuel Market; also Sir John Hill, Chairman of Britain's Atomic Energy Authority, in his presentation, "Do We Need Nuclear Power?", reprinted in Atlas magazine, Jan. 1976.

HOW MANY NUKES WE CAN FUEL

Stated known U.S. uranium supply: usable ore containing 600,000 tons U_3O_8.

This resource can fuel only 54 thousand-megawatt LWR nukes (light water reactors) if we assume plants operate at 70% of their rated capacity (80% was promised) for 40 years each, and used fuel rods are not reprocessed.

In LWR technology, a ton of U_3O_8 can yield 22 million kwh/electrical without reprocessing, and 30 million kwh/e with reprocessing. A thousand-megawatt nuke operating at 70% capacity needs enough fuel to generate 6.132 billion kwh/e per year, or 245.3 billion kwh/e over 40 years. Division by 22 million gives 11,150 tons U_3O_8 required per plant. Division of 600,000 known tons by 11,150 gives 53.8 plants fuelable. The same calculation gives 73 plants fuelable if we assume reprocessing of used fuel rods.

If we dare assume that the U.S. will have 1,000,000 tons of U_3O_8, that quantity could fuel 90 plants without reprocessing, and still only 122 with reprocessing.

NUKES AS A TRIVIAL SOURCE OF ENERGY

One ton U_3O_8 via LWR (light water reactor) technology yields 22 million kwh/e without reprocessing, and 30 million kwh/e with reprocessing. The above statement assumes:

(1.) a 33% loss of U_{235} (left in the tails) during the enrichment process.

(2.) a 15% loss of U_{235} in the reactor by neutron-capture, producing unfissionable U_{236} or U_{237}.

(3.) a yield of 22,000 kwh/thermal from the fission of one gram U_{235}.

(4.) a 43% energy bonus per U_{235} fission, mostly from the fissioning of Pu_{239}.

(5.) in one cycle, a 70% burn-up of the U_{235} in the fuel.

The yield from 1 ton of U_3O_8 via LWR, or 22 million kwh/e, is the equivalent of 225 billion BTU's/thermal. Multiplication by 600,000 tons = 135 quadrillion BTU's/t or 135 "Quads" thermal (135×10^{15} BTU's/t). The same treatment, if reprocessing of used fuel rods is assumed, gives a figure of 184 Quads/thermal available energy.

Both figures represent gross potential energy yield via LWR technology, not the net yield. No deductions have been made for the energy used up by the nuclear power industry itself.

135 Quads/t or 184 Quads/t, used over the 40-year lifetime of LWR nukes, represent gross energy contributions of only 3.4 Quads/t per year or 4.6 Quads/t per year. Compared with U.S. energy consumption of about 70 Quads/t per year now, and 120 Quads/t expected in the year 2000 even with elimination of much waste, nuclear power represents a trivial source of energy.

United States Senate
WASHINGTON, D.C. 20510

Mike Gravel
U. S. S.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Vol. 121 WASHINGTON, TUESDAY, MARCH 11, 1975 No. 39

Senate

ADDRESS BY SENATOR EDWARD M KENNEDY TO THE 44TH ANNUAL MEETING OF THE NATIONAL HOUSING CONFERENCE

Mr. SPARKMAN. Mr. President, yesterday the senior Senator from Massachusetts (Mr. KENNEDY) made an excellent address to the National Housing Conference meeting in Washington. He dealt with housing, a subject in which all of us are interested and concerned. I believe all Senators will enjoy reading it.

I ask unanimous consent it be printed in the RECORD.

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

ADDRESS BY SENATOR EDWARD M. KENNEDY TO THE 44TH ANNUAL MEETING OF THE NATIONAL HOUSING CONFERENCE, MARCH 9, 1975

I appreciate the opportunity to welcome you here to the Nation's Capital and to join with you once again at the annual meeting of the National Housing Conference.

I want to thank your president, Leon Weiner, and your board chairman, Kenneth Hylton, for the invitation to address the opening session of your conference.

Let me also express a word of appreciation to your executive vice president, Bessie Economou, for her help and assistance.

The National Housing Conference was organized in the midst of the depression. The commitment you made then was "to promote better communities and decent homes for all Americans." Through the intervening decades, your members and your leaders have kept faith with that pledge.

At every step of the advance toward decent homes for the citizens of this country, the National Housing Conference has been a vigorous, forceful and effective advocate for action.

And today in Washington, we need to hear that cry for action once more. It has to be sounded on Capitol Hill.

It has to be sounded in the Department of Housing and Urban Development and in the Farmers Home Administration

And most urgently, it has to be sounded at 1600 Pennsylvania Avenue.

We face the gravest economic challenge since the depression. Eight million Americans are without work. The gross national product has seen four straight quarters of decline. Industrial output plummetted further last month than at any time since December 1937. And inflation continues at an unacceptably high rate.

And these statistics do not tell the full story. They do not tell of the human tragedy that is involved when men and women cannot support their families, when they seek work in vain day after day and when they watch the unpaid bills pile higher and higher.

The statistics do not reveal the anguish when homeowners find themselves unable to meet their payments and see the looming threat of foreclosure.

They do not describe the fear of tenants facing the spectre of eviction.

I do not believe that our currrent economic situation was inevitable. I believe it was the abdication of economic leadership by this administration and its predecessor that precipitated the current crisis.

And a key aspect of that failure of leadership was its negative housing policy. For our national housing goals were sacrificed at the altar of fighting inflation.

Interest rates were driven forcibly upward to their highest levels since the civil war.

The money supply was restricted and new home mortgages became rarities for the average family.

A moratorium on federal housing subsidy programs doomed thousands of families to the dark shadows of decaying tenements and rural shacks.

If the administration had set out with the design of destroying the Nation's housing industry, they could not have done a better job.

And if they had wanted to pick the one industry whose decline would ripple with the maximum force and the maximum destruction through the rest of our economy, they chose the right industry.

Between 1972 and 1974, the annual number of housing starts dropped by more than one million units. The future looks equally bleak with the fewest number of building

permits issued in January since we began keeping records.

That decline in housing construction has encouraged inflation and helped insure recession.

I met with leaders of the Massachusetts housing industry in my State on Friday. They told me that the average cost of a new home is close to $40,000—and there are few families who can afford that price.

Nationally, the price of the average home has jumped 30% since 1972, sending it out of the reach of all but the top third of the nation's families.

Administration anti-housing policies also have concentrated a full measure of the recession in the housing industry. In my own State, more than 25 per cent of the construction workers in the Boston metropolitan area are jobless today.

Across the nation, nearly a million construction workers are without work. And at least another million workers have been idled in related industries.

Thus the decline in the housing industry produced by the faulty policies of recent administrations has been a fundamental cause of our economic crisis.

If we could regain those 1 million housing starts, we would sharply reverse the slide of our economy. We would drive an 8 percent unemployment rate down below 6 percent. We would boost our national production. And we would move this nation closer to its goal of providing decent housing for its citizens.

A year ago, the former president told the American people, "Americans today are better housed than ever before in our history." When he spoke, there were 13 million American households in substandard and overcrowded conditions.

They still live in those conditions today, and that is not acceptable to me. That is not acceptable to the National Housing Conference and that is not acceptable to the American people.

The 10-month-late report of the President on the 1968 Housing Act's 6-year results—even with mobile homes added—shows we are not achieving our goals. It shows we are nearly 40 per cent below the target for subsidized housing production for low and moderate income families.

From its own record, it is apparent that the administration does not want to build homes for those families.

How else can one explain the shell game that your president, Leon Weiner, talked about last year. One shell was labeled "moratorium." One shell was labeled "impoundment." And one shell is labeled "untried programs that no one really expects to work."

Where are the new housing starts for low income families promised for fiscal 1974? Where are the new starts promised for fiscal year 1975? Where is the new housing for the people of urban America and the people of rural America?

Which shell are they under? The sad answer is they do not exist. All of the shells were empty. And what is even worse, the administration spokesmen knew it.

For the past 2 years, the budget has promised one thing and each year the accomplishments have been only a small fraction of the promise.

The President's budget promised approval of 173,000 subsidized units in 1974. But only 38,000 units actually were approved.

The FY 1975 budget promised 200,000 subsidized approvals in the year beginning July 1, 1974. In September, former Secretary Lynn said there would be 400,000 approvals.

Now the new budget of President Ford says that 200,000 approvals was the right figure all along. But even that turns out to be an empty shell.

When we called HUD offices a few days ago, we were told that for the first six months of the year in all the subsidized new housing programs in that agency—there had only been 50,000 approvals. And when we asked how many starts there actually had been, we found it was only 21,444—a paltry fraction of what had been promised.

We need to double the annual level of subsidized housing starts to 1.2 million just to meet the goals set in 1968. And we have to start to do it this year.

But the President's new budget is still another flawed vision of our housing needs. The policies it spells out are simply not good enough.

They are not good enough because they turn their backs on housing programs that work and risk everything on programs that have never been tested.

They are not good enough because they will leave us further away from the target for low and moderate income families at the end of 1976 than we are today.

They are not good enough because they do not live up to the promise of the 1968 Housing Act.

I worked for the passage of that act, as you did. I voted for it. I believe in it. And I am not ready to see it abandoned.

The pledge in the 1968 act was a decent home in a decent environment for every American this Nation can fulfill that pledge.

There is a second pledge to be fulfilled, the pledge to rebuild our Nation's cities. For that pledge too was dropped by an administration bent on shutting off that budget even it meant shutting out urban America.

The struggle of the American city for survival once drew the full attention of the Nation. But today, there no longer is the roar of firebombs or the sound of riots to bring the television cameras and the news reporters. And so the audience has lost interest.

Between now and the year 2000, one hundred million Americans will be born. The questions of where and how they will be sheltered, educated, protected and given a chance to develop their talents remain unanswered.

But if the way the new budget response to the needs of our cities is any indication, those Americans will have the sad choice between central cities in an advanced state of decay or suburbs trying futilely to escape the cities that sired them.

The crisis of the city is more than a thousand dusty studies sitting on a government bookshelf. It is where fiscal deficits force cutbacks of fire and police protection. It is where the lines of unemployed workers are the longest.

It is where families are desperate to leave apartments they share with rodents. It is where hundreds of thousands of units that could house those families are abandoned because they seem too expensive to maintain or too expensive to renovate. It is where one-third of our population awakens each day to live . . . and to die.

And yet all too many administration spokesmen seem blind to what is happening.

They should have walked along with the mayors a week ago in the Nation's Capital as they passed by boarded up buildings that still bear silent witness to the riots of 1968 and to the failure of our urban development policies since then.

The impoundment of urban renewal and model cities appropriations two years ago cut short the revitalization of central cities. After years of correcting the weakness in these programs, they were discarded just when they were finally beginning to hold promise for the future.

And when we told the administration last year that switching the urban development process in mid-stream required transitional aid, they rejected that view.

I offered an amendment that doubled the urban renewal transition funds to $600 million. It was adopted in the senate, but in conference with the House—and with the administration threatening a veto—it was cut out. Now we see cities falling behind their schedule as available funds do not even permit them to keep up with the cost of inflation six months have passed since the 1974 omnibus housing and community development act was approved; but no new help to meet the challenge of urban America has been forthcoming.

When we passed that act, we did not expect more red tape, we expected less.

When we passed that act, we did not want community development proposals without housing, we wanted proposals with housing and funds available to finance that housing.

When we passed that act, we did not want fewer resources going to rebuild the cities, we wanted more.

But that has not been the path chosen by this administration we cannot continue down the dead-end path announced by the administration. We must guarantee that the road we pursue leads to progress for our cities and better futures for our people.

The program of the national housing conference offers a better route for America. Your program once more is a complete agenda for the community development and housing needs of our cities and our rural communities.

And I endorse virtually every recommendation that you have made.

In the short run, let me single out eight urgent steps for an emergency program to revive the housing industry and to move us closer to our housing and community development goals.

First, we must halt the downward swing of the foreclosure sword that is now hanging over the heads of hundreds of thousands of American homeowners. The plan to reestablish the home owners loan corporation or its modern equivalent is essential. We know that it saved millions of homes during the depression and we must put it into place to protect the nation's home owners today. And we must provide similar relief to the tenant and sponsor of multi family housing. As a minimum HUD should use its current authority to delay foreclosures whenever possible.

Second, we cannot wait for section 8 regulations to become final, for a financing mechanism to be tested, or for the shake-down process of this highly dubious program to be completed.

We have programs that we know produce housing. Conventional public housing works. Section 235 works. Section 236 works. Let's start using them today. Almost a billion dollars already is appropriated for section 8 or conventional public housing. Let's use as much of those funds for conventional public housing as there are worthwhile projects to fund. It is outrageous that the only conventional housing proposed in this year's budget is 6,000 units for Indian reservations—which ironically is even less than was promised even for that purpose last year.

$264 million of section 235 funds have been withheld, and I believe, illegally impounded. They should be released immediately. The G.A.O. informed the Senate on Friday that it will take H.U.D. to court unless those funds are released.

There are some $75 million in authorization now for section 236. It is another program that you know works. We should triple those funds as part of an emergency housing act.

Third, we should not allow the most popular and most successful program in providing housing for the Nation's elderly and handicapped to remain idle. If the administration cannot produce new regulations for section 202 by next week, I would urge them to immediately begin accepting proposals under the old regulations, which remain in effect. And under no circumstances should those

funds be limited to construction loans. That is not what Congress intended and that is not what the law provides. And the new Secretary of H.U.D. would be following the old into the courts if she holds to her predecessor's decision.

Fourth, we should provide a major stimulus to the conventional housing market as well by adopting the Proxmire proposal to provide 6 percent mortgage money for one million new housing starts over the next 3 years for middle-income families. The House is moving along a similar path, and we should push for final action by May.

Fifth, we must not only extend the section 312 rehabilitation program but expand it as an integral part of community development policy. The president has proposed a program to winterize homes by adding insulation but first we have to tear down the boards from the windows and make the buildings liveable and for that we need a full rehabilitation program.

Sixth, we should provide full funding for the community development portions of the new act. This will barely permit cities to keep up with inflation and it will be vital to enable smaller communities to participate in the program. And we must prevent an end to the 701 planning program which is so essential for communities to provide thoughtful solutions to their problems.

Seventh, we must provide resources and commitment to meet the housing problem of rural America as well.

The rent supplement program was designed to be used with the Section 515 program and the Farmers Home Administration cannot blithely disregard our intention. In addition, a reasonable portion of conventional public rural housing funds must be made available for rural housing along with a far higher appropriation for the migrant housing program.

Finally, let me suggest, at this time of high unemployment, an attempt to link some of the programs we know in a new way to turn abandoned buildings into decent housing.

We have an urban homesteading program. And we have a rehabilitation program. We also have a public service jobs program. I would like to challenge this organization to come up with a proposal to link those programs in a way that will put the unemployed back to work turning abandoned housing in our central city into decent housing for low income families.

Our goals must be to revive the housing industry, to meet the needs of low, moderate and middle income families for decent housing and to revive our economy as we do it.

The additional housing funds I have suggested would produce more than 600,000 subsidized housing units a year—but we need more.

They would provide more funds in housing than the administration budget proposes—but we need more. It would provide more jobs than the administration budget provides—but we need more of those as well.

We have the capacity and the resources to provide every child a decent home in which to live, and a decent environment in which to grow.

The challenge is before us as it will always be, the challenge to be worthy of the promise of this land, the challenge to make its future ever more bright.

Daniel Webster of Massachusetts, whose seat I now fill, said it well, when he spoke at the laying of the cornerstone for the Bunker Hill Monument 150 years ago. He said:

"Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its greatest interests, and see whether we may also, in our day and generation, perform something worthy to be remembered."

The challenge of those words summons us again. Let us respond once more. And let each of us, to the best of our ability, help create a better future for the generations to come. In so doing, we will have performed something worthy to be remembered.

United States of America

Congressional Record

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Vol. 121 WASHINGTON, TUESDAY, MARCH 11, 1975 No. 39

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Let me also express a word of appreciation to your executive vice president, Bessie Economou, for her help and assistance.

The National Housing Conference was organized in the midst of the depression. The commitment you made then was "to promote better communities and decent homes for all Americans." Through the intervening decades, your members and your leaders have kept faith with that pledge.

At every step of the advance toward decent homes for the citizens of this country, the National Housing Conference has been a vigorous, forceful and effective advocate for action.

And today in Washington, we need to hear that cry for action once more. It has to be sounded on Capitol Hill.

It has to be sounded in the Department of Housing and Urban Development and in the Farmers Home Administration.

And most urgently, it has to be sounded at 1600 Pennsylvania Avenue.

We face the gravest economic challenge since the depression. Eight million Americans are without work. The gross national product has seen four straight quarters of decline. Industrial output plummetted further last month than at any time since December 1937. And inflation continues at an unacceptably high rate.

And these statistics do not tell the full story. They do not tell of the human tragedy that is involved when men and women cannot support their families, when they seek work in vain day after day and when they watch the unpaid bills pile higher and higher.

The statistics do not reveal the anguish when homeowners find themselves unable to meet their payments and see the looming threat of foreclosure.

They do not describe the fear of tenants facing the spectre of eviction.

I do not believe that our currrent economic situation was inevitable. I believe it was the abdication of economic leadership by this administration and its predecessor that precipitated the current crisis.

And a key aspect of that failure of leadership was its negative housing policy. For our national housing goals were sacrificed at the altar of fighting inflation.

Interest rates were driven forcibly upward to their highest levels since the civil war.

The money supply was restricted and new home mortgages became rarities for the average family.

A moratorium on federal housing subsidy programs doomed thousands of families to the dark shadows of decaying tenements and rural shacks.

If the administration had set out with the design of destroying the Nation's housing industry, they could not have done a better job.

And if they had wanted to pick the one industry whose decline would ripple with the maximum force and the maximum destruction through the rest of our economy, they chose the right industry.

Between 1972 and 1974, the annual number of housing starts dropped by more than one million units. The future looks equally bleak with the fewest number of building

permits issued in January since we began keeping records.

That decline in housing construction has encouraged inflation and helped insure recession.

I met with leaders of the Massachusetts housing industry in my State on Friday. They told me that the average cost of a new home is close to $40,000—and there are few families who can afford that price.

Nationally, the price of the average home has jumped 30% since 1972, sending it out of the reach of all but the top third of the nation's families.

Administration anti-housing policies also have concentrated a full measure of the recession in the housing industry. In my own State, more than 25 per cent of the construction workers in the Boston metropolitan area are jobless today.

Across the nation, nearly a million construction workers are without work. And at least another million workers have been idled in related industries.

Thus the decline in the housing industry produced by the faulty policies of recent administrations has been a fundamental cause of our economic crisis.

If we could regain those 1 million housing starts, we would sharply reverse the slide of our economy. We would drive an 8 percent unemployment rate down below 6 percent. We would boost our national production. And we would move this nation closer to its goal of providing decent housing for its citizens.

A year ago, the former president told the American people, "Americans today are better housed than ever before in our history." When he spoke, there were 13 million American households in substandard and overcrowded conditions.

They still live in those conditions today, and that is not acceptable to me. That is not acceptable to the National Housing Conference and that is not acceptable to the American people.

The 10-month-late report of the President on the 1968 Housing Act's 6-year results—even with mobile homes added—shows we are not achieving our goals. It shows we are nearly 40 per cent below the target for subsidized housing production for low and moderate income families.

From its own record, it is apparent that the administration does not want to build homes for those families.

How else can one explain the shell game that your president, Leon Weiner, talked about last year. One shell was labeled "moratorium." One shell was labeled "impoundment." And one shell is labeled "untried programs that no one really expects to work."

Where are the new housing starts for low income families promised for fiscal 1974? Where are the new starts promised for fiscal year 1975? Where is the new housing for the people of urban America and the people of rural America?

Which shell are they under? The sad answer is they do not exist. All of the shells were empty. And what is even worse, the administration spokesmen knew it.

For the past 2 years, the budget has promised one thing and each year the accomplishments have been only a small fraction of the promise.

The President's budget promised approval of 173,000 subsidized units in 1974. But only 38,000 units actually were approved.

The FY 1975 budget promised 200,000 subsidized approvals in the year beginning July 1, 1974. In September, former Secretary Lynn said there would be 400,000 approvals.

Now the new budget of President Ford says that 200,000 approvals was the right figure all along. But even that turns out to be an empty shell.

When we called HUD offices a few days ago, we were told that for the first six months of the year in all the subsidized new housing programs in that agency—there had only been 50,000 approvals. And when we asked how many starts there actually had been, we found it was only 21,444—a paltry fraction of what had been promised.

We need to double the annual level of subsidized housing starts to 1.2 million just to meet the goals set in 1968. And we have to start to do it this year.

But the President's new budget is still another flawed vision of our housing needs. The policies it spells out are simply not good enough.

They are not good enough because they turn their backs on housing programs that work and risk everything on programs that have never been tested.

They are not good enough because they will leave us further away from the target for low and moderate income families at the end of 1976 than we are today.

They are not good enough because they do not live up to the promise of the 1968 Housing Act.

I worked for the passage of that act, as you did. I voted for it. I believe in it. And I am not ready to see it abandoned.

The pledge in the 1968 act was a decent home in a decent environment for every American this Nation can fulfill that pledge.

There is a second pledge to be fulfilled, the pledge to rebuild our Nation's cities. For that pledge too was dropped by an administration bent on shutting off that budget even it meant shutting out urban America.

The struggle of the American city for survival once drew the full attention of the Nation. But today, there no longer is the roar of firebombs or the sound of riots to bring the television cameras and the news reporters. And so the audience has lost interest.

Between now and the year 2000, one hundred million Americans will be born. The questions of where and how they will be sheltered, educated, protected and given a chance to develop their talents remain unanswered.

But if the way the new budget response to the needs of our cities is any indication, those Americans will have the sad choice between central cities in an advanced state of decay or suburbs trying futilely to escape the cities that sired them.

The crisis of the city is more than a thousand dusty studies sitting on a government bookshelf. It is where fiscal deficits force cutbacks of fire and police protection. It is where the lines of unemployed workers are the longest.

It is where families are desperate to leave apartments they share with rodents. It is where hundreds of thousands of units that could house those families are abandoned because they seem too expensive to maintain or too expensive to renovate. It is where one-third of our population awakens each day to live . . . and to die.

And yet all too many administration spokesmen seem blind to what is happening.

They should have walked along with the mayors a week ago in the Nation's Capital as they passed by boarded up buildings that still bear silent witness to the riots of 1968 and to the failure of our urban development policies since then.

The impoundment of urban renewal and model cities appropriations two years ago cut short the revitalization of central cities. After years of correcting the weakness in these programs, they were discarded just when they were finally beginning to hold promise for the future.

And when we told the administration last year that switching the urban development process in mid-stream required transitional aid, they rejected that view.

I offered an amendment that doubled the urban renewal transition funds to $600 million. It was adopted in the senate, but in conference with the House—and with the administration threatening a veto—it was cut out. Now we see cities falling behind their schedule as available funds do not even permit them to keep up with the cost of inflation six months have passed since the 1974 omnibus housing and community development act was approved; but no new help to meet the challenge of urban America has been forthcoming.

When we passed that act, we did not expect more red tape, we expected less.

When we passed that act, we did not want community development proposals without housing, we wanted proposals with housing and funds available to finance that housing.

When we passed that act, we did not want fewer resources going to rebuild the cities, we wanted more.

But that has not been the path chosen by this administration we cannot continue down the dead-end path announced by the administration. We must guarantee that the road we pursue leads to progress for our cities and better futures for our people.

The program of the national housing conference offers a better route for America. Your program once more is a complete agenda for the community development and housing needs of our cities and our rural communities.

And I endorse virtually every recommendation that you have made.

In the short run, let me single out eight urgent steps for an emergency program to revive the housing industry and to move us closer to our housing and community development goals.

First, we must halt the downward swing of the foreclosure sword that is now hanging over the heads of hundreds of thousands of American homeowners. The plan to reestablish the home owners loan corporation or its modern equivalent is essential. We know that it saved millions of homes during the depression and we must put it into place to protect the nation's home owners today. And we must provide similar relief to the tenant and sponsor of multi family housing. As a minimum HUD should use its current authority to delay foreclosures whenever possible.

Second, we cannot wait for section 8 regulations to become final, for a financing mechanism to be tested, or for the shake-down process of this highly dubious program to be completed.

We have programs that we know produce housing. Conventional public housing works. Section 235 works. Section 236 works. Let's start using them today: Almost a billion dollars already is appropriated for section 8 or conventional public housing. Let's use as much of those funds for conventional public housing as there are worthwhile projects to fund. It is outrageous that the only conventional housing proposed in this year's budget is 6,000 units for Indian reservations—which ironically is even less than was promised even for that purpose last year.

$264 million of section 235 funds have been withheld, and I believe, illegally impounded. They should be released immediately. The G.A.O. informed the Senate on Friday that it will take H.U.D. to court unless those funds are released.

There are some $75 million in authorization now for section 236. It is another program that you know works. We should triple those funds as part of an emergency housing act.

Third, we should not allow the most popular and most successful program in providing housing for the Nation's elderly and handicapped to remain idle. If the administration cannot produce new regulations for section 202 by next week, I would urge them to immediately begin accepting proposals under the old regulations, which remain in effect. And under no circumstances should those

funds be limited to construction loans. That is not what Congress intended and that is not what the law provides. And the new Secretary of H.U.D. would be following the old into the courts if she holds to her predecessor's decision.

Fourth, we should provide a major stimulus to the conventional housing market as well by adopting the Proxmire proposal to provide 6 percent mortgage money for one million new housing starts over the next 3 years for middle-income families. The House is moving along a similar path, and we should push for final action by May.

Fifth, we must not only extend the section 312 rehabilitation program but expand it as an integral part of community development policy. The president has proposed a program to winterize homes by adding insulation but first we have to tear down the boards from the windows and make the buildings liveable and for that we need a full rehabilitation program.

Sixth, we should provide full funding for the community development portions of the new act. This will barely permit cities to keep up with inflation and it will be vital to enable smaller communities to participate in the program. And we must prevent an end to the 701 planning program which is so essential for communities to provide thoughtful solutions to their problems.

Seventh, we must provide resources and commitment to meet the housing problem of rural America as well.

The rent supplement program was designed to be used with the Section 515 program and the Farmers Home Administration cannot blithely disregard our intention. In addition, a reasonable portion of conventional public rural housing funds must be made available for rural housing along with a far higher appropriation for the migrant housing program.

Finally, let me suggest, at this time of high unemployment, an attempt to link some of the programs we know in a new way to turn abandoned buildings into decent housing.

We have an urban homesteading program. And we have a rehabilitation program. We also have a public service jobs program. I would like to challenge this organization to come up with a proposal to link those programs in a way that will put the unemployed back to work turning abandoned housing in our central city into decent housing for low income families.

Our goals must be to revive the housing industry, to meet the needs of low, moderate and middle income families for decent housing and to revive our economy as we do it.

The additional housing funds I have suggested would produce more than 600,000 subsidized housing units a year—but we need more.

They would provide more funds in housing than the administration budget proposes—but we need more. It would provide more jobs than the administration budget provides—but we need more of those as well.

We have the capacity and the resources to provide every child a decent home in which to live, and a decent environment in which to grow.

The challenge is before us as it will always be, the challenge to be worthy of the promise of this land, the challenge to make its future ever more bright.

Daniel Webster of Massachusetts, whose seat I now fill, said it well, when he spoke at the laying of the cornerstone for the Bunker Hill Monument 150 years ago. He said:

"Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its greatest interests, and see whether we may also, in our day and generation, perform something worthy to be remembered."

The challenge of those words summons us again. Let us respond once more. And let each of us, to the best of our ability, help create a better future for the generations to come. In so doing, we will have performed something worthy to be remembered.

By Mr. MAGNUSON (by request):

S. 3075. A bill to establish a national policy on areawide planning and its coordination, to encourage the use of organizations composed of local elected officials to perform federally assisted or required areawide planning, to require use of planning districts established by States in Federal planning programs, to authorize the Office of Management and Budget to prescribe rules and regulations relating thereto and for other purposes. Referred to the Committee on Government Operations.

INTERGOVERNMENTAL COORDINATION ACT OF 1976

Mr. MAGNUSON. Mr. President, at the request of the Honorable Wes Uhlman, the distinguished mayor of the city of Seattle, I am introducing the Intergovernmental Coordination Act of 1976. This bill is designed to initiate discussion in the Congress of an emergent problem facing local governments across the Nation.

As we all are aware, Federal agencies today require local governments to undertake a myriad of potentially conflicting planning activities. In recent years, we have witnessed the proliferation on the local level of special purpose planning agencies. The Federal Government encourages the fragmentation of regional planning into exceedingly narrow fields. Transportation, community development, clean air, economic development, health care, equal opportunity, social services, and others each can be handled distinctly under the present system of regional planning fostered by Federal agency requirements. Federally mandated planning efforts need not be related to each other and neither does this planning encourage the development of comprehensive, locally determined areawide growth management strategies.

We all deplore the haphazard pattern of growth which has characterized urban development in this country. Existing Federal planning requirements exacerbate that chaos. In recent months we have seen the city of New York totter to the brink of bankruptcy and not just because it has been a profligate spender. The plight of the Nation's largest city is symptomatic of the general state of urban development today. All our central cities are locked in the same reckless course because they are being forced to go it alone, without the cooperation of their associated metropolitan areas.

Unless and until urban areas begin to forge regional growth and development strategies, our inner cities will remain artificially distinct from their dependent but seemingly unresponsive suburbs. Of course, this will lead to further decay and the death of more core cities. And I think it is fair to say that suburban communities have begun to recognize that they, too, stand to lose if urban growth continues in this same reckless fashion. Suburban cities now understand that new development costs current residents money—money which often is not recovered by taxing the new development. Our older suburbs also are finding themselves in the same situation they created for the central cities after the Second World War. New communities continue to spring up as older ones are discarded. This is just plain wasteful.

This bill would require the development of areawide growth management plans under which more limited policies such as pollution abatement, facilities location, and economic growth would be decided. This should end the multiplicity of often competitive planning efforts required of localities by different Federal agencies. The bill favors areawide planning agencies composed of local elected officials. Federal programs would be required to relate to one another and to conform to whatever areawide growth management plan local officials choose to adopt. The availability to Federal assistance would depend upon the assisted activity being consistent with the plan.

I should reiterate that this legislation would not wrest growth management away from local officials. It vests decisionmaking in them and only prods them to do what they undoubtedly already recognize they should be doing—talking with each other and making hard decisions about growth management in their own areas.

As Mayor Uhlman, speaking for one of our larger central cities, has written me:

> The villain, the enemy, is perochialism. It is our own limited vision, our refusal to plan together, to give up a little of our own power in order to cooperate within a geographic area to make rational, coherent decisions about our collective future.

Rather than continuing to encourage the fractionalism that results in the haphazard urban development we have been experiencing, it is time to promote metropolitan approaches to region-wide problems.

Essentially, this legislation tracks the recommendations of the Advisory Commission on Intergovernmental Relations urging the creation of so-called umbrella multijurisdictional organizations. I am derstand that a forthcoming General Accounting Office study on regional planning also will suggest the need for this type of an approach. I am absolutely certain that local officials will be pressing Congress to face this problem in the near future. Hopefully, this legislation will help to focus our attention on the fact that the Federal Government unwittingly has become an obstacle to meaningful regional planning and rational urban development.

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a supplementary treaty on extradition between the United States and Spain, signed at Madrid on January 25, 1975.

The supplementary treaty modifies our treaty on extradition with Spain by increasing from 30 to 45 days the period of time during which a person may be provisionally arrested and detained pending presentation, through diplomatic channels, of documents in support of an extradition request. This change is in keeping with modern extradition treaties and is intended to prevent the release of an arrested person for lack of properly prepared extradition papers.

I transmit also for the information of the Senate the report of the Department of State with respect to this supplementary treaty.

I recommend that the Senate give early and favorable consideration to the supplementary treaty, and give its advice and consent to ratification.

GERALD R. FORD.

THE WHITE HOUSE, *February 3, 1976.*

Mr. ROBERT C. BYRD. I thank the Senator from Maine.

GOVERNMENT ECONOMY AND SPENDING REFORM ACT OF 1976—S. 2925

Mr. MUSKIE. Mr. President, today on behalf of Senators ROTH, GLENN, BELLMON, and myself, I am introducing a bill which I hope will accomplish for all Federal programs individually what budget reform has begun to do for the Federal budget as a whole, that is, to lend a new element of discipline and cohesiveness to the way the Federal Government handles the American taxpayer's money.

Mr. President, I ask unanimous consent to add the names of Senators HUDDLESTON and NUNN to the list of cosponsors.

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

Mr. MUSKIE. A variety of factors have brought me to this point today.

First and foremost, I suppose, are the regular public opinion polls telling us that the American people have lost faith in their Government. People do not think they are getting their money's worth out of Government; people believe that the Government does not care what they think any more; the only Government worker getting high marks from the public is the local trash collector, because at least people know whether he is doing his job.

Mr. MUSKIE. A second factor has been my experience this year on the Budget Committee. If there is one point that has been brought home to me during my brief tenure as chairman of that committee, it is that during any given year, we have only a limited amount of resources to commit to solving serious national problems. There may have been a time when we could afford nearly a thousand different legislative solutions to a few dozen national problems—when we did not have to worry which programs were working and which ones were not, because we knew there was enough in the till for everyone.

Today, we no longer have those options.

Let me illustrate with an example from a General Accounting study of neighborhood health care clinics in the District of Columbia. In that study, GAO investigators found eight clinics in one neighborhood in the District, funded under several different Federal programs whose administrators were obviously unaware of what each other was doing. In several of these clinics, doctors were seeing only a handful of patients a day, while in many parts of the country the shortage of health care is critical.

I do not know whether this story is typical or not. What I do know is that as one who has strongly supported an increased Federal role in improving the quality of health care available to Americans, I am outraged by the waste this example demonstrates. I also know that the budget realities of today and tomorrow do not leave room for wasting scarce resources in this way. We cannot—and we should not—continue to keep paying for a system where one hand does not know what the other is doing.

The third factor which has led me to introduce this legislation is also related to my experiences with the Budget Committee—more specifically, to the tremendous successes we have had in our first year of operation.

Through the new budget process, Congress is finally beginning to regain control over the Federal budget—the most important statement of national priorities that we have. Yet it becomes clearer to me every day that even if the process works better than any of us had dreamed, that statement of priorities will not be complete unless we have control over the services which the budget is intended to buy.

Budget reform by itself is an essential element in regaining this control. Nevertheless, I have come to see the budget process not as an end in itself, but as a first step in a broader effort we need. Budget reform gave us a badly needed method for looking at the picture as a whole. The legislation I am introducing today will make us take a closer look at all the component parts of that picture, to insure that we are getting the most for the money we spend. It is a logical second step.

Why is such a second step necessary?

One way to answer that question would be to have a dramatic reading from the catalog of Federal domestic assistance. I think most of us would be astonished at what we heard: That we have 228 health programs, 156 income security and social service programs, 83 housing programs, et cetera, et cetera—that all in all, we have nearly 1,000 Federal programs, touching on virtually every aspect of life in these United States.

Or we could turn to the Federal Government manual, where we would discover that in addition to the 11 Cabinet departments, we require 44 independent agencies and 1,240 advisory boards, committees, commissions, and councils to run the Federal Government. In 1974 alone, 85 separate governmental bodies were created, of which only 3 were subsequently abolished.

Or we could look outside Washington, where we would find over 4,000 geographic program areas recognized under 24 different Federal programs—quasi-governmental units such as law enforcement planning regions—481—comprehensive areawide health planning agencies—195—air quality regions—247—and many more.

Or we could turn to the dozens of GAO reports and audits done every year, detailing the administrative chaos in Federal aid to vocational education or to the handicapped for example—or explaining how this Federal agency had no information on what it was spending on administrative costs as opposed to actual services.

We could do what I did in November, which was to hold a hearing in my home State on problems, the people there have in dealing with the Federal Government. With only a few days advance notice, a 100 people turned out to talk about what was bothering them—how they had to wait a year and a half to get a ruling on their claim for disability compensation, or how it has taken their town 3 years to obtain Federal approval for a new sewer system they were required to build by Federal law.

What any of these exercises would tell us is that Government has become out of touch and out of control. And clearly this is a finding with which an increasing number of Americans would agree.

Almost 10 years ago, my Subcommittee on Intergovernmental Relations opened a series of hearings on our federal system. In my opening remarks, I posed a number of questions about the future of a "burgeoning governmental system," which had grown to over 170 Federal-aid programs, at a total cost of almost $15 billion. Among the questions I raised were:

What happens to a Federal program after it leaves the Congress?

Where is Congress going with the grant-in-aid programs? Will there be more proliferation of separate programs?

How well are Federal departments coordinating their programs and services both within their agencies and with other departments?

Today, hundreds of well-intentioned new programs and billions of dollars later, we still do not have satisfactory answers to those questions.

Even worse, we still have not solved the basic problems which prompted us to enact all these programs in the first place.

We have spent billions on health care, and enacted hundreds of health-oriented programs, yet we still have not cracked the fundamental problem—providing high-quality care at a price people can afford.

We have spent billions on education, only to find that our high school graduates are not learning even the basic reading and writing skills.

And we have spent billions on the problems of our cities, yet the root cause of those problems, defined so eloquently by

the Kerner commission several years ago, still remains.

Solutions to these problems elude us not because we have not tried. But in too many cases we in Congress have satisfied ourselves with the rhetoric of legislation, leaving the hard work of implementation—from rulemaking to evaluation—to the executive branch. To put it another way, we in Congress have not paid enough attention to how well the programs we adopted were working—at least not beyond a cursory review every few years.

And now these years of inattention to performance are taking their toll, as we reap a bumper crop of public disenchantment with Government so unresponsive that it cannot even perform the simple day-to-day tasks that need to be done.

To be sure, Government inefficiency is becoming today's No. 1 villain. Horror stories about bureaucratic bungling make good copy, and I am sure that all of us, at one time or another, have been guilty of taking a ride on some well-intentioned Government worker's mistake.

But I think the time has passed when the American people will be satisfied with such press release exclamations of outrage. They are ready for hard evidence and real results that we are serious about making Government more productive.

The legislation I am introducing today is intended to produce these kinds of results. It will not do so overnight, nor in a very exciting way. Like budget reform, it focuses on the nuts-and-bolts operations that we in Congres are concerned with every day.

I offer this not as a suggestion that we abandon our commitment to solving the Nation's problems.

On the contrary, I offer this legislation in recognition of the fact that until we bring what programs we now have under control, we simply may not have the reserves we need—either in the budget or the public's trust—to pursue new legislative solutions to pressing national problems.

Out of my considerable concern that Government in Washington has become so big and unresponsive that it is dragging down many of the good programs I and others have worked for over the years, I introduce this bill.

The legislation I am proposing would do the following things:

First, it would put all Government programs and activities on a 4-year reauthorization schedule. All would have to be reauthorized every 4 years, or be terminated.

The sole exceptions to this mandatory termination provision would be payment of interest on the national debt, and programs under which individuals make payments to the Federal Government in expectation of later compensation—that is, railroad retirement, social security, civil service retirement, and medicare.

Second, the bill would establish a schedule for reauthorization of Government programs and activities on the basis of groupings by budget function. Programs within the same function would terminate simultaneously, so that Congress would have an opportunity to examine and compare Federal programs in that functional area in its entirety, rather than in bits and pieces. The schedule would be set up so that all of the functional areas would be dealt with within one 4-year cycle.

Third, the bill would reverse the assumption that old programs and agencies deserves to be continued just because they existed the year before, by incorporating a zero-base review into the reauthorization process.

Fourth, the bill would make maximum use of the timetable for authorization bills already required by the Congressional Budget Act, and it would encourage Congress to make better use of the program review already undertaken by the General Accounting Office.

Finally, the bill would set up a one-time procedure under which the GAO would identify duplicative and inactive programs so that congressional committees would be encouraged to eliminate or consolidate them, as soon as possible.

These provisions are explained in greater detail in a summary of the legislation following my introductory remarks.

I ask unanimous consent that that summary be printed at the end of my statement.

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

(See exhibit 1.)

Mr. MUSKIE. Mr. President, in offering this proposal, I am very much aware that as now written, it would dramatically alter the way we do business here in the Senate—and that therefore it will be the subject of considerable debate. So I would like to say at the outset that I am not wedded to all the particulars in this bill. I consider it a first draft—a starting point for consideration of what I think is one of the most important items of the congressional agenda this year.

We in Congress have, unfortunately, not escaped the public's discontent with its Government. The bill I am introducing today offers a way for Congress to respond rationally and constructively to the criticism that we are not in control of our own house.

It cannot and should not offer the promise of instant efficiency. But it does offer a stronger congressional voice in setting national priorities—out from under a suffocating bureaucracy which now has the upper hand in the fate of programs we enact.

And it offers us one of the few chances we have to clear out some deadwood and make room for a legislative agenda that is changing with the Nation.

EXHIBIT 1

SUMMARY AND EXPLANATION OF THE GOVERNMENT ECONOMY AND SPENDING REFORM ACT OF 1976

The Government Economy and Spending Reform Act of 1976 is designed to improve the degree of control which Congress exercises over the actual delivery of services to the American people, by requiring regular review and reauthorization of Federal programs and activities. It is designed to expand the budgetary options available to the Congress by redefining or eliminating ineffective and duplicative programs and permitting more creative and flexible planning of Federal efforts.

It would put government programs and activities on a four-year reauthorization schedule. All government programs and activities—permanent and otherwise—would have to be reauthorized every four years. Programs not so reauthorized would be terminated.

The only exceptions to mandatory reauthorization or termination are provided for programs under which individuals make payments to the Federal government in expectation of later compensation (Social Security, Railroad Retirement, Civil Service retirement, Medicare, etc.), and interest payments on the national debt.

Those programs and activities exempted from the reauthorization or termination provisions of the bill would still have to be reviewed every fourth year, with the exception of debt interest payments.

The schedule established by the bill for reauthorization of Federal programs and activities would follow groupings according to budget function. Programs within the same function would be reconsidered simultaneously, so that the Congress would have an opportunity to examine and compare federal programs for a particular functional area in their entirety, rather than in bits and pieces. The schedule would be set up so that all of the functional areas would be dealt with within one four-year cycle.

This measure reverses the assumption that old programs and agencies deserve to be continued just because they existed the year before, by incorporating the concept of zero base review into the reauthorization process.

It would make maximum use of the timetable for authorization bills already required by the Congressional Budget Act, and it would encourage Congress to make better use of the program review already undertaken by the General Accounting Office.

And the bill would set up a one-time procedure under which the General Accounting Office would identify duplicative and inactive programs so that congressional committees would be encouraged to eliminate or consolidate them.

SCHEDULED TERMINATION OF FEDERAL PROGRAMS

The requirement that all government programs terminate at least once every four years, with the exceptions listed above, is designed to give Congress a procedure for conducting a working oversight of all Federal programs and activities.

Even programs costing comparatively little would be subject to this process. It is especially important that programs such as entitlements be covered because those programs often escape thorough review of their effectiveness.

The four-year limitation on authorizations should allow a sufficient accumulation of experience for testing the results and effectiveness of government programs. However, it is short enough to allow Congress to examine programs before they get out of control.

While the thrust of this legislation is to encourage congressional committees to review and reauthorize all of their programs on a four-year cycle, committees would have the option of authorizing programs for less than four years.

SCHEDULING OF PROGRAM TERMINATION

The legislation would change the date of authorization of all but a very few Federal programs, by limiting reauthorization to a maximum of four years. It would schedule termination, review and reauthorization of programs by budget function or subfunction. Beginning September 30, 1979, and over the subsequent four-year period, all programs and activities would be scheduled for reau-

thorization or termination, with those budget functions entailing the lightest work load scheduled first, and the more difficult ones scheduled toward the end of the four-year period. (See the schedule attached to this summary.)

The purpose of establishing the schedule by budget function would be to allow the Congress to take a close look at what the Federal government is doing in an *entire* policy area, rather than in bits and pieces as is the norm now. Programs and functions which overlap not only Executive agencies but also congressional committees would therefore be reviewed as a whole, instead of individually as Congress now reauthorizes most programs and activities.

To account for the possibility that certain legislative committees may be unable to meet the reauthorization deadlines because of the workload involved in particular functional areas, the legislation would authorize the Budget Committee of either house to report legislation providing for adjustments of the scheduled deadlines.

PROVISIONS FOR PERMANENT AUTHORIZATIONS

Under the bill all existing government programs and activities with permanent authorizations—excluding the exceptions mentioned above—would terminate according to the schedule of budget functions and subfunctions between September 30, 1979 and September 30, 1983 unless reauthorized, and would then be subject to the four-year limitation on authorizations.

The legislation does recognize that in some cases it may be difficult to identify permanent authorizations, and in others the four-year limitation on authorizations may be impractical. As a result, the legislation would require that, by April 1, 1977, the General Accounting Office submit to the House of Representatives and the Senate a list of all provisions of law which establish permanent authorization for government expenditures.

That list should break permanent authorizations down by committee of jurisdiction, and for those funded in the appropriations process, by appropriations bills in which they are included. To the extent practicable, the GAO should also determine the amount appropriated for each permanently authorized program or activity over the preceding four fiscal years.

ZERO BASE REVIEW OF ALL PROGRAMS BEFORE REAUTHORIZATION

This legislation requires that the standing committees of the Senate and the House conduct a zero base review and evaluation of all programs and activities within their jurisdiction every fourth year The zero base review and evaluation must be conducted during the 12-month period ending on March 15 of the year in which that program is scheduled for reauthorization.

Unlike the practice which often governs present budget planning, the zero base review and evaluation would not assume that programs are to be funded in the next budget merely because they were included this year. As part of the zero base review, congressional committees would first make an assessment of the impact of having no new expenditures for a particular program, and then make an assessment of what level of program quality and quantity could be purchased at particular incremental levels of expenditures. For example, the evaluation may include an assessment of what level of program activity could be purchased at 75 percent of this year's expenditures as well as what level of program activity could be purchased at each additional 10 percent increment of expenditure.

In addition, in a zero base evaluation, congressional committees would be required to include:

1. An identification of other government programs and activities having the same or similar objectives, along with the comparison of the cost and effectiveness of such programs or activities and any duplication of the program or activity under review.

2. An examination of the extent to which the objectives of the program or activity have been achieved in comparison with the objectives initially set forth by the legislation establishing the program or activity and an analysis of any significant variance between the projected and actual performance.

3. A specification to the extent feasible in quantitative terms of the objectives of such program or activity during the next four fiscal years.

4. An examination of the impact of the program or activity on the national economy.

Each standing committee must submit a report to its House detailing the results of its zero base review and evaluation of a program on or before March 15 of the year in which the review occurs. Whenever a committee recommends authorization of a program similar to others it has identified, its report must include a detailed justification for the program it is authorizing and explain how it avoids duplication with other existing programs.

To assist the authorizing committees in conducting their zero base review and evaluations, the General Accounting Office would be required by December 31 of the year preceding to send those committees the results of audits and reviews and evaluations the GAO has conducted on the program to be reviewed. In addition, the committees could call upon the GAO or the CBO for whatever assistance they may render in the conduct of the zero base evaluation.

ENFORCEMENT OF ZERO BASE REVIEW REQUIREMENT

This legislation would require that congressional committees conduct a zero base evaluation of all government programs and activities scheduled for termination in a given year prior to reporting out legislation to reauthorize them.

To enforce that requirement, any bill which authorizes expenditures for any government program or activity would not be in order in either House unless the committee reporting it had submitted its zero base review and evaluation report on that program or activity.

The only exception to this rule would be in those cases in which a committee chooses to authorize a program or activity for less than four years. In those cases, every authorization bill would not have to be accompanied by a zero base evaluation. But the committee would still be required to undertake a zero base evaluation every four years, at the time of the program's scheduled termination and review, and must report a reauthorization bill in the year it completes that review.

EXECUTIVE ZERO BASE BUDGETING

The legislation requires that prior to submission of the President's budget message, the Executive Branch must conduct a zero base review and evaluation of all Federal programs and activities scheduled for termination in the upcoming year. The President would be required to submit the results of this review and evaluation along with his regular budget message.

TIMETABLE FOR ZERO BASE REVIEW AND EVALUATION

The timetable for the zero base review and evaluation of a government program or activity would be as follows:

December 31 of preceding year—GAO reports results of its previous audits and evaluations as well as requested information and analyses to standing committees.

December 31 of preceding year—CBO reports requested information and analyses to standing committees.

15th day after Congress meets in the year—President summits budget message, accompanied by results of zero base review and evaluation by Executive departments of programs scheduled for termination during upcoming fiscal year.

March 15 of the year—Standing committees complete zero base review and evaluation of program or activity and report to House or Senate.

May 15 of the year—Standing committee, under Congressional Budget Act, must report authorization legislation to its House.

CONTINUING REVIEW AND EVALUATION

The legislation would require the Comptroller General to make follow-up evaluations at least once every six months of any program that the General Accounting Office has reviewed and had found to have fallen short of its objective. Those follow-up reports must be submitted to the Appropriations Committees of both Houses and to the standing committee of each House which has jurisdiction over the program.

In addition, the legislation would require that the Comptroller General furnish both Appropriations Committees and the appropriate standing committees of each House summaries of any audits or evaluations the General Accounting Office has conducted involving programs or activities under their jurisdiction.

Finally, the legislation will require the President to include in his annual budget specific objectives for each program or activity and an analysis of how that program or activity achieved the objectives set out for it in previous budgets.

EARLY ELIMINATION OF INACTIVE OR DUPLICATIVE PROGRAMS

The legislation directs the Comptroller General to submit a report to Congress before July 1, 1977, identifying those government programs and activities for which no outlays have been made for the last two completed fiscal years and those programs and activities which have duplicative objectives.

The legislation further requires each standing committee of the House or Senate to follow-up on that report on or before May 15, 1978 with a view toward eliminating inactive programs and activities and eliminating programs and activities which duplicate other programs and activities or to consolidating duplicate programs and activities.

SCHEDULE FOR TERMINATION AND REVIEW OF FEDERAL PROGRAMS

CATEGORY NUMBER, FUNCTIONAL OF SUBFUNCTIONAL CATEGORY

Termination date, Sept. 30, 1979

050. National Defense.
150. International Affairs.
250. General Sciences, Space, and Technology.
750. Law Enforcement and Justice.

Termination date, Sept. 30, 1980

350. Agriculture.
400. Commerce and Transportation.
450. Community and Regional Development.
501. Elementary, secondary, and vocational education.
502. Higher education.
503. Research and general education aids.
604. Public assistance and other income supplements (Public housing only).

Termination date, Sept. 30, 1981

300. National Resources, Environment, and Energy.
550. Health.
600. Income Security (Except public housing in subcategory 604).
700. Veterans Benefits and Services.

Termination date, Sept. 30, 1982

504. Training and employment.
505. Other labor services.
506. Social services.
800. General Government.

850. Revenue Sharing and General Purpose Fiscal Assistance.

Mr. MUSKIE. Mr. President, I express my appreciation to my colleagues who have joined me in fathering this legislation and introducing it today. I welcome to their ranks the distinguished Presiding Officer at the moment, who has listened to the case and been persuaded by its merits, rather than by me. I am delighted to ask that Mr. GOLDWATER be added as a cosponsor to the pending legislation.

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

Mr. MUSKIE. I yield to my good friend from Delaware, who is the ranking Republican cosponsor of the bill.

Mr. ROTH. Mr. President, during my travels throughout the State of Delaware, I find that people are confident and expectant about the future of our country, but are frustrated and concerned about the present course of Government. For many, the promise of Government has been broken—either unfulfilled or not to be trusted. I believe we in Congress have a continuing responsibility to reexamine the quality of Government services and strive to deliver dependability and value rather than inflation and empty rhetoric.

I am introducing legislation today with Senator EDMUND MUSKIE which will provide a means to improve the budget process and assure that the American taxpayer will get improved services equal to the high price each pays.

This bill provides for a complete review in Congress of each Government spending program every fourth year. It requires that each dollar of spending be examined so that money is not wasted on programs which are ineffective or are of low priority. This legislation is important for Congress because it will provide Congress the means to reform spending, but it is even more important for the American people because it answers to their demand for fiscal responsibility in Government.

Public confidence will remain low as long as our Government makes no visible progress in trimming duplication, inefficiency, waste, and redtape from its multibillion dollar budget. Nothing is more upsetting to the people than to see inflation and joblessness grow at the hands of Government spenders who fail to cure even the most obvious defects.

The growth of Federal spending has been so rapid during the past decade that the impact of the Federal budget on the economy has measurably increased. In 1967, the Federal budget was $158.2 billion. Only 10 years later, we have a proposed budget totaling $394.2 billion, nearly 2½ times larger. In the last 3 years alone, spending has increased by as much as it did in the 176 years from 1789 to 1965.

Congress has made great improvement in its handling of the national budget in recent years. In 1974 the historic Budget and Impoundment Control Act was passed to allow Congress a procedure to set a spending ceiling and to require all committees to remain within that ceiling during the appropriations process.

I worked hard in support these budget reforms and I am equally committed to the goal of new spending reforms.

The budget reform has been instrumental in keeping the annual budget within specific limits. However, it creates no process to serve as a check on growth in the size of the budget. Nor does it provide a means for Congress to evaluate its spending patterns and eliminate duplication or ineffective programs.

Congress must face the spending issue head on. It is all too easy to agree on a rubbery spending ceiling which can later be amended to allow higher spending levels.

It is commonsense that where two programs serve one objective, combining them would reduce administrative costs and redtape. Yet throughout the Federal service, many programs and agencies overlap.

Today there are nearly 1000 categorical programs administered by 54 Federal agencies. Ten agencies administer some 230 different health programs, including 23 for planning and building health facilities and 22 to deal with drug and narcotics addiction.

There are seven Federal programs that provide health services for outpatient health centers in one city—the District of Columbia. Or, consider that there are 14 separate units within the Department of Health, Education, and Welfare which administer programs for educating the handicapped. Similarly, in the area of Federal water pollution research and development there are at least 25 bureaus and offices in 12 separate departments or independent agencies which serve the same objective.

This duplication of effort only succeeds in impeding productivity and reducing the effectiveness of Government services. Yet, year after year, funding is renewed for most Federal programs without concern for wasteful overlap or poor program effectiveness. This practice becomes a fruitless exercise indeed of throwing money at a problem without regard for value or cost effectiveness.

There is always room to make government more efficient and more effective. This proposal which I am submitting with Senator MUSKIE today will provide that no spending is automatically renewed until it is shown to be worthwhile.

Throughout my career I have demonstrated a strong commitment to better government not bigger government. In 1969, I completed a 1,000-page report which identified for the first time the full range of Government spending programs for domestic assistance. One of my earliest experiences in Government was as a member of a Hoover Commission investigation whose recommendations to streamline Government were substantially adopted.

Each level of government must practice fiscal responsibility as well as preach it. State and local governments must be equipped to deliver services financed from their respective tax bases. Likewise the Federal Government cannot continually add new spending without facing up to the fiscal reality of a strained tax base.

The legislation which we are offering today, Mr. President, would make several simple but basic changes in the way Congress approaches the annual budget. It would end the unspoken rule that money spent on a program this year must be continued or increased in next year's budget. The permanent authority for program budgeting had led the Federal Government into the fool's trap of throwing good money after bad for a wasted enterprise. This legislation offers a procedure for quadrennial renewal of all budget authority. The new assumption will be that no new budget authority is necessary until a program is proven worthwhile and cost effective. This is a familiar and sound practice of zero-base program review and evaluation. It offers a comprehensive yet critical review of all Federal spending before new money is committed to old programs.

This stricter process for review will bring many other important reforms to Government spending. It will help Congress get a handle on uncontrollable growth in spending. Since budget authority must be renewed, higher costs will be repeatedly reassessed against program goals. If a program expense outweighs its benefits to the economy or to the health or social well-being of the people then the program could be terminated. At a minimum an opportunity for decisionmaking by the Congress will be built into the budget procedure.

The periodic renewal of all program authority in accordance with a zero-base review will promote control over backdoor spending. Cost estimates for programs during succeeding budgets would be required by standing committees in order to evaluate each program before advising Congress to reauthorize it.

The authorization process will be restructured to provide for a regular and meaningful review of all existing programs. Programs will be assigned a renewal date with other programs in the same broad area. The establishment of a fixed renewal date would end the practice of providing permanent program budget authority. It would establish regular intervals for program review by congressional committees and a fixed year for program renewal.

The first of four quadrennial renewal periods would commence on October 1, 1981. All programs, unless otherwise exempted, would be reviewed once every 4 years. Thus, a program which is reviewed and renewed beginning October 1, 1981, would automatically come before the appropriate committee for review in 1985 and renewal on or before October 1, 1985.

In addition to a restructing of the authorization process this legislation provides for regular program evaluation during each quadrennial review.

The President would submit legislation to Congress for a proposed reauthorization and Congress would have until March 15 of the following year to report renewal legislation from the committee of jurisdiction. During that period evaluation and review of each program would occur.

The President would also submit a

comprehensive evaluation of the program with evidence on the cost of the program, its accomplishments, and cost effectiveness. This would give each standing committee an opportunity to review each program.

At the request of any standing committee, the General Accounting Office would also review programs. GAO would submit to Congress a comparison of all programs with similar objectives and a summary of findings of its prior audits and programs evaluations.

Also, at the request of a committee with jurisdiction, the Congressional Budget Office would make an independent zero-base review and evaluation of the program. This would be provided to the committee of jurisdiction well in advance of its March 15 deadline for its recommendation and report.

In January the President would submit a budget containing estimates based on zero-base review for those programs to be renewed during the next year.

Thus each legislative committee would be equipped to evaluate a program's overall worth. The legislative committee would be able to decide whether the resources necessary to meet objectives in a given program are being used effectively.

Programs which have not met goals established by Congress would not be renewed. Programs which overlap or serve similar objectives could be consolidated. Programs which receive a poor evaluation or that were rated as not cost effective could be terminated. Thus, scarce resources could be allocated within a functional area so as to maximize program effectiveness. Each committee would explain in its report to Congress which programs serve similar objectives and should be consolidated. Alternatively, if similar programs should not be consolidated the report will explain why not.

A summary of the timetable for program review and reauthorization follows:

By December 31 of the year preceding review, GAO reports to standing committees of Congress information and analyses on programs as required to assist with the committee's zero-base evaluation of programs submitted for renewal.

By December 31 of the year preceding review, the Congresisonal Budget Office reports information and a zero-base analysis requested by the standing committees.

In January of the year of review the President submits to Congress a budget with zero-base request for programs to be renewed.

By March 15 of the year of review each standing committee completes review and evaluation of program and makes recommendations to its respective House.

By October 1 of that year each House acts on the proposed program authorizations and differences are reconciled.

This legislation will give Congress an important handle on Federal spending. The Budget Reform Act challenged the assumption that Congress could add to the national expenditure total year after year without specifying limits and yet not seriously undermine Federal fiscal and monetary policy. The disturbing consequences of double-digit inflation and 8 percent unemployment have proved this assumption wrong.

This legislation now goes a step further and challenges the assumption that spending for a worthwhile program must continue year after year without review in the context of changing national priorities. The often expressed goal of establishing a set of national priorities has never been married to the fiscal reality of finite national resources. This legislation provides Congress with a realistic process for maximizing the effectiveness of the spending by the Federal Government and minimizing the unproductive use of the people's tax money.

Unless such a procedure is adopted, Congress can scarcely hope to gain control over growth in budget expenditures and rapidly expanding public debt. If Congress is to retain a measure of choice in setting a legislative program for the Nation, then it must have a handle on competing claims for our limited tax resources.

I urge my colleagues to consider this procedure as necessary to the preservation of legislative choice and to the improvement of delivery in Government services. The alternative is to allow unproductive, wasteful, or low priority spending to continue to burden the economy. The public's demand for fiscal responsibility deserves full attention by this Congress.

The goal of improving the services of Government is one I have continually sought to promote. When I first came to Congress I discovered we had almost no information on what programs existed in the area of Federal domestic assistance. There were virtually no controls over the distribution of Federal grants and even less information on whether these programs were effective in meeting goals established by the Congress.

Congress should not shrink from the job of continual evaluation of existing programs and reexamination of legislative priorities. This legislation, I believe, will aid Congress in carrying out this responsibility.

But it is really the American people who stand to gain from this reform. If it fails we will all bear the cost of higher inflation and continued unemployment. If it succeeds, then we will get more effective Government service at less cost.

Mr. President, at this time I am happy to yield for another principal sponsor of this legislation, the junior Senator from Ohio (Mr. GLENN).

GOVERNMENT ECONOMY AND SPENDING REFORM ACT OF 1976

Mr. GLENN. I thank the Senator.

Mr. President, I am pleased to join Senator MUSKIE and Senator ROTH and Senator BELLMON in introducing "The Government Economy and Spending Reform Act of 1976."

This is a major piece of legislation that addresses one of the primary areas of concern of the American people; namely, the control of Federal spending and the improvement in performance of their Government. As Senator MUSKIE stated in his reply to the President's state of the Union message, Americans do not want to see their Government dismantled as some have already suggested in this year of overheated political rhetoric. What our citizens are demanding is an efficient, responsive, and competent Government, one that delivers what it promises, one that makes its decisions humanely, clearly, and understandably, and that does not proliferate and continually grow minus any rational scheme.

I believe that the Government Economy and Spending Reform Act of 1976 has the potential of coupling itself with the Congressional Budget Act to serve as a thoroughly effective mechanism by which the Congress may get a better handle on money spent by the Federal Government.

The once ever-expanding pie of Federal expenditure has begun to reach its limits. Within that limitation, competition for program priority and preference will be severe. That competition must be rational, sane, and substantive. The Government Economy and Spending Reform Act of 1976 provides a framework for serious evaluation of our programs and our spending. Basically and fundamentally, the bill requires that congressional committees take a hard look at programs under their jurisdiction and report, among other things:

First, whether they are, indeed, working as Congress intended;

Second, whether the program is duplicative of others; and

Third, the impact the program has on the national economy.

In other words, we are asking that congressional committees assume their oversight function with increased vigor and vitality and with more quantitative stringency. With the exception of programs to which individuals make payments to the Federal Government in expectation of later compensation—social security, railroad retirement, civil service retirement, medicare, et cetera—all Government programs would have to be reauthorized after stringent review every 4 years. Additionally, the bill requires an intensive executive branch review and evaluation of Federal programs and activities scheduled for termination in the coming year. This review would be required in the President's budget message and would act as a check against arbitrary and ill-considered budget slashing or excessive padding on the part of the executive branch.

Mr. President, this bill is not fixed in iron. There will be serious, justifiable questions raised about its operation. Why begin with virtually every program, no matter how small? Are all types of programs subject to this type of mandated review? Personally, I think of the various civil rights provisions possibly subject to our bill. I would not want to see vital civil rights protections subject to short-term emotional and political considerations. Are civil rights properly subject to quantitative review? Can this type analysis apply to the Department of Defense?

All of these questions and many more must be dealt with at the upcoming hearings of the Government Operations Subcommittee on Intergovernmental Relations. I look forward to these hearings and to finding answers to these questions

and others and to improving our bill where necessary.

But overall, and in principle, I strongly support this bill and I am happy to be a principal cosponsor of it. I know that we must clean up and improve our Government. Only by eliminating dead weight, inoperative wasteful and inefficient programs can we make available the resources needed to adopt fresh, innovative, and exciting new solutions to our pressing problems of poverty, discrimination, urban decay, pollution and so on. This bill is perhaps a small procedural step that will free us from so much built-in failure, that will help restore our people's confidence in Government and will help us along the road to really moving to cure the ills of the Nation.

I am very pleased to join my distinguished colleagues from Maine, Delaware, and Oklahoma in their cosponsorship. I look forward to an active role in hearings on this bill.

REGULATION OF MINING ACTIVITIES WITHIN THE NATIONAL PARK SYSTEM

The Senate continued with the consideration of the bill (S. 2371) to provide for the regulation of mining activity within, and to repeal the application of mining laws to, areas of the National Park System.

The PRESIDING OFFICER (Mr. TOWER). Who seeks recognition? The Senator from Montana.

Mr. METCALF. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Alaska (Mr. STEVENS), No. 1359, to S. 2371, a bill that would provide for the regulation of mining activity within, and to repeal the application of the mining laws to, areas of the National Park System, and for other purposes.

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

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. STEVENS. Mr. President, I would like to explore with the manager of the bill if it is possible to get a time agreement to vote on this matter tomorrow. We have noted the "Dear Colleague" letter that was sent out by the chairman of the subcommittee dealing with this matter. We have in preparation a response to that.

I believe it is a matter of very deep public policy which is involved in this amendment. While I had hoped that we might be able to explore some compromise, that does not seem to be possible at this time. I would like the opportunity to make certain that our colleagues understand the gravity of the situation, as far as the Senators from Alaska are concerned. I am willing to agree to a time certain for a vote tomorrow, if that is possible. I would hope that it would be possible. My colleague should be here soon, and he wants to participate.

Mr. METCALF. Will the Senator yield?

Mr. STEVENS. Yes.

Mr. METCALF. I have talked to the Senator from Alaska about putting this over until tomorrow. This was scheduled. There has been extensive debate on the Senator's amendment. I would hope that we would be able to get to the yeas and nays rapidly on his amendment and finish the bill today.

Mr. STEVENS. I would like very much to cooperate with the Senator from Montana. I want him to know that I understand the urgency as far as moving on the calendar in general. But we just started this bill today. As I said, the remarks that we have made, Senator GRAVEL and I, will not be available to the other Members of the Senate in printed form until tomorrow. We are preparing a letter. I do not think it is unreasonable to ask that they at least be given a chance to read the reasons we have stated and the very deep feelings we have on this matter. I would be prepared to vote tomorrow as early as the Senator would like to vote.

We can get this letter to them and we can urge them to read the RECORD to understand it is not just an Alaskan matter.

This deals, in our opinion, with the last known deposit of nickel that will be available to this country under the current environmental circumstances. Today it is available. I would be more than willing to work out any kind of protections or restrictions the Senator from Montana wants in terms of the exercise of discretion about the availability of this area for mineral development, but I do not want to see it absolutely closed to mineral development.

I would point out, incidentally, the National Environmental Policy Act will apply to this area. This amounts to a substantial Federal decision in which there would have to be an environmental impact statement filed before any development would occur in this area.

It is my understanding that is the case. I see the staff disagrees with that. Let us make it apply, then.

Mr. METCALF. How much time tomorrow does the Senator from Alaska want to continue the debate that has gone on all afternoon?

Mr. STEVENS. I just would like to agree that we would have a time certain for a vote tomorrow. I do not ask for any time tomorrow. I just want to deliver this letter to our colleagues and ask them to read the RECORD.

Mr. METCALF. The majority leader is in the Chamber. I am just wondering if the Senator from Alaska woud agree to a time limitation to vote at 9:30 tomorrow on his amendment. We can make it 10 o'clock. We will come in at 9 and the Senator would have until 10 o'clock, after the special orders.

Mr. STEVENS. That is all we seek. The Senator is very gracious. We want to deliver the letter to Senators and ask them to read it. We can vote as early as the majority leader wants.

Mr. METCALF. And then 30 minut on additional amendments——

Mr. STEVENS. I have no other amen ment. As far as I am concerned, that agreeable to me.

Mr. FANNIN. May I say to the Senat from Montana——

The PRESIDING OFFICER. The Se ator from Alaska has the floor.

Mr. STEVENS. I am happy to yield.

Mr. FANNIN. If we could vote on t amendment of the Senator from Alask I do not think it will take very long get the others out of the way.

Mr. METCALF. I would like to get out of the way. If we are going to wri it off this afternoon, I think we shou rapidly get it out of the way tomorrow.

Mr. FANNIN. I do not think there any doubt but what we can go forwa quite rapidly tomorrow after the amen ment of the Senator from Alaska is o of the way.

Mr. MANSFIELD. Will the Senat from Alaska yield to me?

Mr. STEVENS. I yield.

Mr. MANSFIELD. Would it be all righ after the amendment of the Senat from Alaska is disposed of, to have minutes on all other amendments ar 15 minutes on debatable motions ar appeals, with no time set as to when th final vote will occur? We do have to on the Usery nomination at 11 and the the override of the milk bill veto. Aft those are disposed of, we will probab get back to this around 2:20 or 2:30.

Mr. STEVENS. I will say to the majo ity leader I am reminded we have anoth version of this. Should we come very clo we might offer the other amendmen which deals with a permit system with the same area.

Mr. METCALF. If the Senator w yield, if I offer the substitute amendmen I can do it in 30 minutes or 15 minute

Mr. STEVENS. I am perfectly agre able to any timeframe, but I b lieve the Senator from Arizona speal for people who have other amendment I do not know what other amendmen there are. I am happy to agree to ar timeframe that is agreeable to oth participants here so long as we can ha a vote sometime tomorrow after 9:30.

Mr. FANNIN. I will say to the Senat from Alaska and the Senator from Mon tana there is no desire to delay. Th Senator from Idaho does have in min that if the amendment of the Senat from Alaska is close, we may need som additional time.

Mr. MANSFIELD. That is all right.

Mr. METCALF. Does the Senator fro Idaho have an amendment?

Mr. McCLURE. Will the Senator yield

Mr. STEVENS. I yield.

Mr. McCLURE. I will say to the majo ity lyeader it seems to me that what w are really wrestling with here is th me have no way of judging what the wi of the Senate may be. They seem willin to look at some of the details of th legislation, If the amendment of th Senator from Alaska is adopted, the there is quite a different context in whic to operate and it is hard to predict tha in advance of the vote.

But my judgment would be that thing

TABLE 3.—COMMITTEE ON APPROPRIATIONS, RECOMMENDATIONS FOR 1977 BUDGET OUTLAYS BY FUNCTION

[In billions]

Functional budget category		Budget authority				
		1976 request	1977 request	1977 committee recommendation	Difference	Subcommittee contributing to difference
050	National Defense	92.8	101.1	101.1		
150	International Affairs	5.7	6.8	6.8		
250	General Science Space and Technology.	4.3	4.5	4.5		
300	Natural Resources, Environment and Energy.	11.8	13.8	15.1	+1.3	Interior (+1.0), Public Works (+0.3).
350	Agriculture	2.9	1.7	2.2	+.5	Agric. (+0.5).
400	Commerce and Transportation.	17.8	16.5	18.1	+1.6	Transportation (+1.3), Treasury (+0.3).
450	Community and Regional Development.	5.8	5.5	7.1	+1.6	HUD (+0.1), Labor-HEW (+0.1), State, Justice (+1.4).
500	Education, Employment, Training and Social Services.	18.9	16.6	20.0	+3.4	Labor, HEW (+3.0), State, Justice (+0.4).
550	Health	32.1	34.4	35.4	+1.0	Labor, HEW (+1.0).
600	Income Security	128.5	137.1	141.4	+4.3	Agric. (+0.2), Labor, HEW (+4.1).
700	Veterans Benefits and Services.	18.0	17.2	17.5	+.3	HUD (+0.3).
750	Law Enforcement and Justice.	3.4	3.4	3.5	+.1	State, Justice (+0.1).
800	General Government	3.5	3.4	3.6	+.2	Treasury (+0.2).
850	Revenue Sharing and General Purpose Fiscal Assistance.	7.2	7.4	7.4		
900	Interest	34.8	41.3	41.3		
	Allowances	.2	2.3	2.3		
	Undistributed offsetting receipts.	−15.2	−18.8	−18.8		
	Miscellaneous adjustments			+.2	+.2	
	Total	373.5	394.2	[1] 408.7	[1] +14.5	

[1] Excludes at least $1,000,000,000 required if Congress overrides the proposed pay cap on Federal salaries. Thees amounts are shown in table 1.

ZERO-BASED BUDGETING

Mr. PERCY. Mr. President, the Subcommittee on Intergovernmental Relations of the Senate Government Operations Committee begins hearings today on S. 2925, the Government Economy and Spending Reform Act of 1976. This legislation, which was introduced by Senators MUSKIE, ROTH, GLENN, and BELLMON, requires that all Federal programs, other than earned-benefit programs and interest on the national debt, be reviewed, rejustified and reauthorized every 4 years. It requires congressional standing committees to conduct a zero-based study of the programs scheduled for termination, identification of similar programs, and cost effectiveness studies.

I strongly support the zero-based budget concept and congratulate the sponsors of S. 2925, as well as those who have introduced proposals with similar objectives. I ask unanimous consent that I be added as a cosponsor of S. 2925 at this time.

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

Mr. PERCY. As an author of the congressional budget reform bill, I am very well aware of the difficulty inherent in making significant changes in Government administration. Currently, the reauthorization process is often little more than an opportunity to expand programs, rather than to consolidate and reform them, and I intend to work with other members of the subcommittee as well as the full Government Operations Committee to develop the procedures necessary to assure a true zero-based review. In addition, we must guard against creating an entirely new, uncontrollable, bureaucracy to oversee the one we are trying to streamline.

Overall, I believe the procedures embodied in S. 2925 can be of significant help in eliminating duplication, inefficiency and waste in the Federal Government, assuring that the taxpayer's dollars will be spent with the greatest possible effectiveness.

COMPARING U.S. AND SOVIET DEFENSE SPENDING

Mr. PROXMIRE. Mr. President, in recent weeks Congress and the public have been subjected to a steady barrage of assertions by the Pentagon and the White House concerning the Soviet military. The argument is now being made in committee hearings that we must increase our defense budget in order to prevent being outpaced by increases in the Soviet defense budget.

THE SPENDING GAP

We are witnessing the birth and cultivation of nothing less than a new alleged "gap" between the Soviet Union and ourselves, the spending gap. All of us must ask whether the spending gap is as phony as the missile and bomber gaps of the past.

I have no wish to ignore the reality of Soviet military strength, to turn away from the implications of growth in certain areas of the Soviet military establishment, or to close my eyes to the need for continuing support for our own program. It goes without saying that we must remain strong.

We must also continue to keep up with Soviet military developments and improve our understanding of the Soviet defense program. Indeed, for a number of years I have made a considerable effort to improve the data base and analytical capabilities with regard to the Soviet economy, including the defense sector, through my work on the Joint Economic Committee. The Joint Economic Committee has published numerous studies and hearings on many aspects of the Soviet econony.

In addition, the committee has encouraged a number of Government agencies to focus greater attention on the Soviet economy and to make the results available to scholars and the general public.

CIA ESTIMATES ARE BEING MISUSED

It is with some dismay, therefore, that I have observed the information and analysis generated by some of the agencies, particularly the Central Intelligence agency, being misused by spokesmen for the Pentagon.

Statements are being made, much of it based on information previously published by the Joint Economic Committee, to the effect the Soviet Union is outspending the United States by a wide margin; more recently, statements have been made that we are being outspent by 50 percent. I can only urge individuals who make such statements to read the hearings, study the data, and try to understand the significance of dollar cost comparisons.

My own view is that dollar cost comparisons are valuable primarily as evidence of the trends of Soviet spending. Some hold the view that the comparisons are also useful for sizing the Soviet military. I disagree with that view because of the severe limitations inherent in the dollar comparisons as they are now performed.

It may be that as the dollar comparisons are refined they may be useful in the future for sizing purposes. For example, if the dollar comparisons are matched by ruble comparisons, and if the margins of error are reduced, such information may be helpful in determining the relative size of military forces.

DOLLAR COMPARISONS DO NOT MEASURE EFFECTIVENESS OR STRENGTH

Certainly, dollar comparisons cannot be used by themselves to evaluate the effectiveness of Soviet defense programs or the relative strength of the Soviet and United States military establishments.

It is most unfortunate that Pentagon spokesmen are using the CIA's dollar cost comparisons for such purposes and to scare Congress and the Republic.

While the new CIA analysis of United States and Soviet defense costs in a

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PROCEEDINGS AND DEBATES OF THE 93d CONGRESS, SECOND SESSION

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House of Representatives

INTRODUCTION OF HEALTH CARE LEGISLATION

H.R. 13461. A bill to complement both the health facilities and services planning provisions of section 1122 of the Social Security Act and section 314 of the Partnership for Health Act and the utilization effectiveness and quality assurance provisions of title XI of the Social Security Act by promoting the efficiency and effectiveness of hospital management through the establishment of payment incentives in the medicare and medicaid programs; to the Committee on Ways and Means.

Mr. MILLS. Mr. Speaker, there is widespread agreement that the present system of paying hospitals under medicare and medicaid on the basis of retroactive reimbursement of incurred costs provides no incentive for cost containment efforts on the part of hospitals and that this factor is a significant part of the cause of the rapid increase in hospital costs.

The inflationary trends in the health field in general, and hospitals in particular, must be contained and the Federal Government, as a major purchaser of health services under medicare and medicaid, has a responsibility to take a leadership role in reversing the inflationary spiral in health care costs.

Unfortunately, too many people, including some hospital people, believe that Government leadership means detailed regulation and the Government setting of hospital charges. To my mind, such a step would be pure folly. Should that happen, I believe we will see innovation stifled and the quality of care fall to the lowest common demonstrator.

The Federal Government, however, can meet its responsibility without being the regulator. It can meet the challenge of reversing the inflationary trend by providing appropriate incentives for hospitals to institute sound business practices designed to reduce unnecessary costs while maintaining high quality care. The ingenuity of local people working in local institutions can produce a more efficient health delivery system if Government provides the proper motivation within flexible but clear guidelines.

What we desperately need is a way to harness the ingenuities of hospital boards, administrators, physicians, and employees in the direction of sound public policy rather than continue to impose regulations upon them which either stimulate their ingenuities to defeat the regulations or drain away their initiative.

Today I have introduced legislation which I believe will meet the need for Government leadership but will avoid too much bureaucratic regulation. The bill will establish meaningful incentives designed not only to recognize superior performance but also to reward efficient and effective management.

But before describing what the bill would do, a very brief discussion of the problems of hospital rate regulation is in order.

There are many problems with Government rate regulations for health providers. I believe a utility-type system of rate setting would—

Require the creation of a new governmental bureaucracy, loaded down with people to tell health care institutions how to do their job;

Stifle productive competition and the influences to keep down prices that go with it;

Result in the eventual Government-takeover of health care institutions since the power to control charges implies caretaker responsibility; and

Require almost all States to develop from scratch the necessary expertise to review and monitor hospital financial transactions when both the Federal Government and private insurance carriers have much greater expertise and experience in this area.

On the above points, I would like to quote from a recent address given by former Social Security Commissioner Robert M. Ball before the Institute of Medicine. The former Commissioner said, and I quote:

In rate regulation it is necessary, of course, to take responsibility for controlling much more than the rate alone. As soon as one goes beyond the type of control the Federal government has been exercising over rate increase and sets the basic rates by institution or class of institution, the rate setting agency is soon dealing with the issues of quality of service, the availability of service, the subsidy of services that do not pay their own way and control over growth and duplication of services.

It seems clear to me that we should move to public utility-type rate regulation of health care institutions only as a last resort—only after all other alternatives have been tried and found wanting. We have not yet tried, with sufficient vigor, other promising systems.

The bill I have introduced would establish, I believe, the most promising system yet devised.

The bill has two major parts.

The first part would make available to hospitals participating in the medicare and medicaid programs an alternative to the present retroactive cost payment method. Specifically, it would make available prospective payment methods under the medicare and medicaid programs—which buy more than one-third of all hospital care.

Under a prospective payment method, a hospital's payment rates would be set in advance. The hospital, in effect, has a target which it can aim for—and which, except for unforeseen contingencies, it has to live with and within.

If actual costs exceed the prospective rate then the hospital must absorb the difference. Similarly, if the hospital's actual costs are below the prospective rate then the hospital is in an improved financial situation. Thus, the incentives for the hospital itself are in the direction of increasing efficiency and effectiveness of management—not on expanding costs.

The idea of prospective payment is not new. Recent Social Security Act amendments have included authority for extensive experimentation with various types of prospective payment methods.

I have, however, been discouraged by lack of leadership and wilingness to experiment in this area. Quite frankly, one of my reasons for introducing this bill is the hope that HEW can be stimulated to take the initiative. If the administration really wants to reduce reliance on

Government, then it should move actively in this area and not fall into traps set by its own planners for increasing dependency on Government.

My bill would require, in title I, that one or more methods of prospective payment be developed and made available to all hospitals participating in the medicare and medicaid programs as an option to retroactive cost reimbursement. The Secretary would be required to consult with hospitals, third-party payors, and other interested parties prior to developing these prospective payment methods. The methods finally used would be those in which a substantial number of hospitals would agree to participate. As an inducement for hospitals to participate in a prospective payment method, a ceiling on the rate of annual increase in cost reimbursement would be imposed on those providers who elect to stay with cost reimbursement.

Prospective payment does, as I said, inject incentives for the hospital management to keep costs below the prospective rate. But what incentive is there for a hospital to keep its prospective rate as low as possible? With nothing else in the picture hospitals would want to have their prospective payment rates set as high as possible in order to maximize their return. The second part of the bill deals with this problem and also injects new incentives for quality administration in hospitals which do not elect to use a prospective payment system.

Under the second part of the bill similar hospitals would be compared on the basis of their efficiency and quality of management and the better performers would be rewarded. Specifically, hospitals would first be grouped into classes, then the actual proportionate increase in operating costs per beneficiary or other acceptable unit of comparison for the three previous years would be computed and compared with the other hospitals in the same class.

Hospitals which experience increases less than the average for all hospitals in their class would receive a "quality management" award in the form of a cash payment equal to 50 percent of the difference between actual costs and what the costs would have been had the hospital costs gone up at the average rate. Alternatively, if the dollar increase—not the proportionate increase—in costs increased less than the average dollar increase, the hospital would receive 50 percent of the difference between actual costs and what total reimbursable costs would have been had the dollar increase been the same amount as the average dollar increase.

A similar system would apply to hospitals under prospective reimbursement in order to provide an incentive for hospitals to keep the prospective rate as low as reasonable.

Since it will be the sum of the individual actions of hospital personnel which really determines whether a hospital would qualify for a quality management payment, my bill would require that hospital management, of all hospitals, have—and make known to the staff—a plan for distributing at least one-half of the payment to the employees and medical staff in the form of bonuses.

This principle of sharing savings or sharing profits is well established in for-profit industry and has been highly successful in motivating both management and employees to improved efficiency of operation and greater profits. Where this approach of sharing savings has been used in hospitals the results have also been highly successful. Unfortunately, it has only been used in a handful of hospitals. The provisions of my bill, however, will make these incentives available to all hospitals and all employees and staff within those hospitals. Those whose efforts make quality management awards possible should, and will, share in them.

In addition, the Secretary would be required to publicize all quality management award payments so that proper public recognition would go to those who were awarded them.

I believe that these provisions in my bill, prospective reimbursement and concrete recognition of superior performance, will do much to inject the proper incentives into hospital management and performance. And lest some erroneously conclude that quality will be impaired let me assure them that quality will be enhanced. It is only reasonable that a hospital which works for quality management will increase quality of care. Moreover, I have great faith that hospital leadership in this country will maintain its dedication to quality care under the many mechanisms which hospitals themselves have established to meet that objective.

Mr. Speaker, I have introduced this bill because I have become convinced that no Government regulatory body can be as effective in carrying out public policy as an effective system of incentives.

There seems to me too many people who are looking to even more regulation to solve problems which have in large part been created by regulation. At the very least, we must try out alternatives to regulation before committing ourselves to a path from which we could never turn.

I urge my colleagues, and others interested in these critical issues, to study the bill I have introduced, to make suggestions for improvement, and experiment with it. We need to develop the soundest system of incentives possible not only for the large existing programs of medicare and medicaid but also for precedents as the Nation moves toward some form of national health insurance.

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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

The Jobs Creation Act Will Let Us Win Both the Battles Against Inflation and Unemployment

SPEECH

OF

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 12, 1975

Mr. KEMP. Mr. Speaker, the Jobs Creation Act is the alternative to both unemployment and inflation. Its provisions would generate over one-quarter of a trillion dollars in new investment over a 3-year period, thus creating millions of new jobs and helping remove the threat of inflation for every American.

The Jobs Creation Act not only addresses itself to unemployment and the capital shortage, but also to the need for fiscal responsibility and stable prices. It would generate $45 billion in new Federal revenues over a 3-year period to help offset the huge deficits legislated by the Congress.

ECONOMIC EFFECTS OF THE JOBS CREATION ACT

A major econometric study undertaken by Norman B. Ture Consultants, Inc., of Washington, D.C., which simulates the effects on the economy of the tax reduction provisions of the Jobs Creation Act, concludes that in the first year after its enactment the act would generate increases over what would otherwise occur of $151.4 billion in the gross national product, $74.6 billion in capital outlays, and $5.2 billion in Federal revenues. The second year after enactment would see additional increases of $200.5 billion in GNP, $77.9 billion in capital outlays, and $14.6 billion in Federal revenue. And the third year would see further increases of $248.9 billion in GNP, $81.1 billion in capital outlays. and $25.2 billion in Federal revenue. These are real increases, not artificial increases resulting from inflation.

How would this increase over a 3-year period of $600.8 billion in real GNP affect employment and real wages? If all of the increased productivity goes into employment—that is, if there is no increase above the trend rise in real wages—there would be increases in employment above trend of 8.7 percent in 1975, 10.6 percent in 1976, and 12.4 percent in 1977. These percentage figures translate into 7.2 million new jobs in the first year of enactment, 9 million new jobs in the second year of enactment, and 10.9 million new jobs in the third year of enactment.

On the other hand, if all the increased productivity goes into higher real wages—that is, there is no increase above the trend rise in employment—there would be increases in real wages above trend of 8.2 percent in 1975, 10.3 percent in 1976, and 12.1 percent in 1977. These percentage figures mean almost $2,000 additional real income for every employee in each of the 3 years.

Since some of the increased productivity would create new jobs and some would result in higher real wages, it is obvious that the act would generate millions of new jobs and substantial gains above the trend rise in real wages. These millions of new jobs would be real jobs resting on a larger and stronger capital base. They would be productive jobs, tax-generating jobs instead of tax-consuming jobs. By generating full employment the Act would eliminate unemployment-related Government expenditures, thus further reducing the deficit.

There is no other way to create millions of new real jobs, jobs that are meaningful productive work, jobs which do not result from sharing the work, but which result from creating new work, jobs which are not just another form of Federal transfer payment that benefits the recipient at the expense of the income of others, but jobs which result from the creation of new income.

Some may find these large increases in income and employment striking, even startling. But that is because in the last four decades this country has not relied on the approach embodied in the Jobs Creation Act of fostering full employment and price stability through fostering production.

If there were ever any doubts about the effects on the economy of the Jobs Creation Act, those doubts can now be dispelled on the basis of Dr. Ture's analysis of the income, employment, and revenue effects of the act.

Dr. Ture's credentials are most impressive. He received his M.A. and Ph. D. from the University of Chicago in economics. From 1951–55, he was on the analysis staff of the U.S. Department of the Treasury, and from 1955–61 he was on the staff of the Joint Economic Committee. From 1961–68, Dr. Ture was Director of Tax Studies for the National Bureau of Economic Research, a most prestigious position. From 1968–71 he was a principal at the Planning Research Corp., and he has had his own consulting firm since 1971. During this time, he was also a lecturer at the Wharton School of Finance of the University of Pennsylvania and is now adjunct professor of economics at George Washington University.

The following summary of the analysis of the economic effects of the Jobs Creation Act shows that each and every tax reduction provision would produce a significant gain in GNP, employment, capital outlays and Federal revenue, even in the first year of enactment. The Jobs Creation Act is a tax reduction bill that will stimulate GNP and employment without the risk of inflation-fueling deficits.

The summary follows:

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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Accelerating Capital Formation Means a Higher Standard of Living—More Jobs and Higher Real Wages

SPEECH

OF

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 28, 1975

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 60 minutes.

Mr. KEMP. Mr. Speaker, there are two ways to guarantee productivity and prosperity.

On one hand, the workers can work harder and longer.

On the other, we can have more and better tools.

Given those two options—and with a strong personal belief that every American wants to improve our standard of living, so our children will have a better life—I have been at the forefront of efforts to renew America's commitment to guaranteeing enough investment capital to buy the tools we must have to increase our productivity and to create jobs.

Look at the past 200 years—or even the past 100 years—of our history. Compare the standards of living then with today. The average American family today enjoys a standard of living which, only a century ago, was not dreamed of. The things we taken for granted today were not even invented then.

One hundred years ago, men and women were working 12 to 16 hours a day and 6 or more days each week. Child labor was common. Horses were drawing the coal from the mines. Electrical power was only at the threshold of being harnessed. The internal combustion engine was in its infancy. Machines were only beginning to come into substantial use. And, the use of these machines created jobs; it did not eliminate them.

Prosperity reached a level never known in the world's history. Worker's wages reached a level unprecedented in any economy.

This happened not because we worked longer or harder—leisure time today is unparalleled in any society—but because we had better, more efficient tools.

The foundation for this prosperity was capital—the funds with which to build plants and buy and replace equipment. It is capital and its system—capitalism—that has helped more than any other factor to improve our standard of living. Without that capital, the American worker would not produce more and better things per hour of work than the serfs of feudal days. He would not earn more. And, he, like them, would live on a thin line of existence.

All measures which preclude adequate capital formation or even cause capital decumulation are, therefore, both antilabor and antisocial in effect. They are antilabor in the sense they destroy or threaten jobs. They are antisocial because they reduce our ability to resolve human problems.

Proof of this abounds.

James Watt, the inventor of the steam engine, which started to revolutionize the modern world, and those who followed him in the competitive struggle to make a better engine and sell it for less, did more to take women and children out of the coal mines and off the towpaths of the canal boats, more to take children out of the factories, than all the 19th century social activists combined. Yet Watt would be unknown today if a man named Matthew Boulton had not risked $150,000 of capital on Watt's invention.

Aluminum was so expensive in 1870 that Napoleon III of France had an aluminum table set for state dinners, for it was more valuable than gold. Today, aluminum is found in all American kitchens, no matter how humble.

As far back as the Second World War, it was estimated that electric power alone in this country was performing the work equal to the labor of half a billion men—500,000,000—working 8 hours a day—4 billion man-hours per day. It would be many times that by now.

Just 100 years ago, it took a week to produce the same amount of wheat that today can be produced with just a single hour of human labor. What did it? The steel plow, tractor, harvester, better seed and cheap transportation. Coincidentally, it is American wheat that today is asked to feed those nations that adopted the anticapitalistic views of Karl Marx.

All the inventions of Edison, Ford, Whitney, McCormick, Steinmetz, and all the other countless inventors of the age would have been for nothing, if it had not been for the investment capital it took to get those inventions onto the production line and into our homes and factories. It has been more and better tools, representing capital investment, that has made the difference in the conquest of starvation.

Capital is the key to tomorrow's growth, as much as it has been to our past growth, prosperity, jobs and freedoms.

TAX REFORM SHOULD FOCUS ON CAPITAL FORMATION

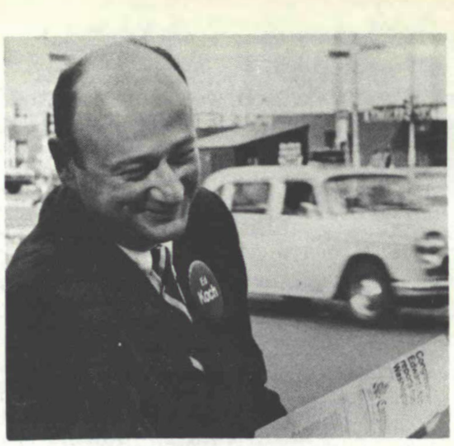
In March of this year I introduced a bill, the Jobs Creation Act of 1975, a bill designed to accelerate the formation of capital needed to assure a growth in jobs and productivity—a growth in prosperity. The act, most recently reintroduced as H.R. 8053, is now cosponsored by over 80 Members of the House, and support for its enactment grows daily.

I testified last Friday before the House Committee on Ways and Means in support of tax reforms designed to foster capital accumulation more quickly.

I use this opportunity to bring to the attention of my colleagues the points I made in that testimony.

590-510—41126

Congressman Edward I. Koch reports from Washington



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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

Vol. 122 WASHINGTON, THURSDAY, JANUARY 29, 1976 No. 9

A BILL TO ESTABLISH A COMMISSION TO STUDY THE RESULTS OF AND OTHER QUESTIONS RELATING TO THE RACIAL INTEGRATION OF PUBLIC SCHOOLS AND THE USE OF BUSING TO ACHIEVE IT

Mr. KOCH. Mr. Speaker, there are few issues that are the subject of as much controversy as that of busing schoolchildren to achieve racial or ethnic integration and none that generates greater heat, emotion, or rhetoric.

I am one of those who has consistently supported the option of busing to achieve the goal of racial balance in our school system.

I will continue to vote to allow the busing of schoolchildren to achieve racial balance in schools, unless and until I am shown by an impartial source that such busing does not achieve or frustrates the purposes for which it was designed. I continue to support the racial integration of schools. I support the rights of all children—regardless of ethnic or racial identity—to a good education. I support the integration of neighborhoods, the access of all to a decent job.

But, I am no longer certain that I am correct in my belief that compulsory busing and racial balance in schools help to achieve the goals of quality education for all and an integrated, stable society. My heart tells me that in certain circumstances we should bus, but my gut tells me it is not working, and my mind asks why not ascertain the facts for review? No matter how controversial this issue has become, whatever the facts are, we should ferret them out.

When I mention "compulsory busing to achieve racial balance," most listeners are aware of what I am describing. Put quite simply, the courts have ordered school systems, whose schools are racially imbalanced because of past decisions on pupil assignment, location of new schools, and other administrative or legal practices, to redress the racial balance of all schools to reflect that of the school district. Three such court orders are in effect in the New York City Metropolitan area: two in Brooklyn and one in Queens. To do this, pupils need to be reassigned and distributed throughout the school system. If the distances are great, schoolbuses are needed. Pupils take the buses to schools to which they are ordered—by the school board and/or the court—to attend. This is compulsory school busing to achieve racial balance, and it is a remedy most recently used in Detroit, Boston, and Louisville.

I have read a number of reports from distinguished educators who have come to different conclusions on the effect of compulsory racial balance in school systems on the students and on the populations involved. I have, in recent weeks, discussed this issue with leading educators. I have seen faces contorted in hate on television screens and I have read of the flight of middle-class families from the great cities of our country to the suburbs to send their children to schools which they believed to be better.

My congressional district on the east side of Manhattan, sometimes known as the "silk stocking" district, is not affected by busing at all. My mail is overwhelmingly supportive of the position which I have taken, which is to vote consistently for busing. But, much of that mail comes from families whose children do not attend the public schools, but are educated in private or parochial schools. Indeed, 50 percent of the elementary and secondary schoolchildren in my district attend such schools.

I think we should know whether black, white, Puerto Rican, Asian, Chicano, and other children have gained or lost as a result of being bused to schools that are supposedly more uniformly balanced racially—and alternatively whether those children in the schools receiving bused-in children have suffered. We should know what the effect has been on the communities into which or out of which children have been bused. Have middle-class families indeed left the cities to avoid compulsory racial balancing and busing—or have they left for other reasons?

There are a number of such questions of fact that should be the subject of as definitive a study as possible, prepared in the most nonpolitical manner possible. Some have pointed out that a Senate Select Committee on Equal Education prepared a report 3 years ago on school desegregation. I do not denigrate that report, but merely point out that the issue is still here and the public and many school systems are still in turmoil.

I believe a study, perceived by the public and Congress as less political in its preparations, is necessary, if it is to be widely accepted by the general public and the Congress. Of course, previous hearings and research will be helpful to the new Commission. At the study's conclusion, the Congress, the courts, and the Nation can better decide what should or should not be done.

To make this study, I am proposing that we establish, through legislation, a 13-member Commission, 11 members of

which would be selected by the 11 chief judges of our Federal circuit courts of appeals and 2 members of which would be selected by the Chief Justice of the United States. The Commission's responsibility would be to take testimony across the country on all the paramount factual issues involved in achieving racial balance in schools and the means of effecting it, in particular by busing. The Commission would report its findings, as well as any recommendations for appropriate legislation, to the Congress no later than 12 months from the time the Commission commences its work. The Commission members would be required to serve full-time and would be supported by a professional staff and adequate appropriations.

Some people may question whether such a Commission should be appointed by the courts. If someone has a better way to obtain Commissioners who are perceived as disinterested and impartial and who can make findings of fact, not opinion, about the effects of compulsory school busing, I will be delighted to incorporate such a recommendation in the final bill.

I want these Commissioners to act similarly to a "special master" appointed by a Federal court in a complex case, to make findings of fact and report to the court; in this matter, the Commissioners will make their report to the Congress and the public. The ultimate decision as to the appropriate action concerning busing and other school integration methods is still with the Congress. The findings of the Commission are not intended and will not be binding on the courts in pending desegregation or racial integration cases, nor as to future such cases filed in the courts. This is not a school busing moratorium bill.

Let us dispose of this exceptionally controversial issue with reason based on facts instead of emotionally charged ideology. The questions I believe the Commission should address itself to are the following:

First. What are the fundamental goals of racial integation of our educational systems, and how effective have been the various methods to achieve them?

Second. What are the standards that should be used in evaluating the quality of education in our schools?

Third. What has been the impact of compulsory racial integration, achieved through busing or other means, on the quality of education and on other social goals?

Fourth. What has been the impact of measures other than busing taken by communities to achieve the goals of racial balance among schools, and have these methods been more or less effective than busing in meeting educational and social goals?

Fifth. What has been the impact of the effort to insure racial balance among schools on school enrollment, on violence and discipline problems, and on the reported movement of middle-class families from central city areas?

Sixth. Has the effort to ensure racial balance in school systems had a positive effect in promoting the goal of a racially integrated society or has it intensified racial divisions within the community?

Seventh. What has been the effect of differing allocations of resources—Federal, State, and local—among and within school districts on the quality of education, and to what extent does the taxing method—for example, local property tax versus general appropriations—affect these disparities?

Eighth. Are there any important educational or social values to be gained by maintaining a commitment to the so-called neighborhood school?

Ninth. What disparities, if any, exist in the training, experience and qualifications of teachers assigned to schools whose pupils are predominantly white, black, Puerto Rican, Mexican-American, Indian, or any other race?

Tenth. What are the effects, if any, of the racial balance or imbalance of the teaching staff on the educational program of a racially balanced or imbalanced school? What are the problems of maintaining a racially integrated teaching staff in a racially imbalanced school?

There may be better questions to ask and I hope they will be proposed by others and they should be included in the bill when considered. This proposal to create a Commission should receive the endorsement both of those who support imposed racial balance in schools and of those who are opposed. Some may not want to know the truth, and some may take the position that no matter what the facts may tell us about the effects of compulsory racial balance and busing, there should be no change in the Federal Government's position, because there are other, overriding considerations.

There are some who believe that these questions cannot be answered; that they are imponderables. If that is true and I hope it is not, the Commission should advise us accordingly.

There may be those who fear that if we open these issues to serious discussion, emotion will reign and busing will become the scapegoat for many of the difficulties our cities and our educational systems are suffering today. I would agree that we must be careful that this does not happen. I am not proposing to alter the Constitution, nor to turn away from remedies that are constitutionally required. I just want to know the best way to insure that scholchildren of all races obtain a good education in an atmosphere free of racial turmoil and recrimination. It is my belief that the establishment of an independent Commission which would be allowed to make a thorough analysis of all the factors involved, separating the rhetoric and emotion from the facts, will aid us as we go forward more securely and more effectively toward our common goals.

There may be remedies other than compulsory school busing which will help achieve this for all our children. We need to know the facts.

This is my opinion. I would like to know yours. Please write to me (Rep. Edward I. Koch, 1126 Longworth HOB, Washington, D.C. 20515).

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

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COMMENTS ON H.R. 11613, A BILL TO ESTABLISH A COMMISSION TO STUDY COMPULSORY SCHOOL BUSING AND SCHOOL INTEGRATION

Mr. KOCH. Mr. Speaker, on January 29, 1976, I introduced H.R. 11613 to establish a Commission to study the results of the racial integration of public schools, and the use of busing to achieve racial integration, and related questions. The bill now has 12 cosponsors.

The bill would do the following: It establishes a 13-member Commission on School Integration; 11 members to be selected by the chief judges of our 11 Federal circuit courts of appeals and 2 members to be selected by the Chief Justice of the U.S. Supreme Court. The Commission's responsibility would be to take testimony in cities and towns across the country on all the factual issues involved in achieving racial balance in the schools and the means of effecting it, in particular, busing. The Commission would report its findings, as well as any recommendations for appropriate legislation, to the Congress no later than 12 months from the time the Commission commenced its work. All Commission members would be required to serve full time and would be supported by a professional staff and adequate appropriations.

In order to focus its work, I believe the Commission should address itself to the followi g 10 questions, which I included as part of the Commission's mandate:

First. What are the fundamental goals of racial integration of our educational systems, and how effective have been the various methods employed to achieve them?

Second. What are the standards that should be used in evaluating the quality of education in our schools?

Third. What has been the impact of compulsory racial integration, achieved through busing or other means, on the quality of education and on other social goals?

Fourth. What has been the impact of measures other than busing taken by communities to achieve the goals of racial balance among schools, and have these methods been more or less effective than busing in meeting educational and social goals?

Fifth. What has been the impact of the effort to i sure racial balance among schools on school enrollment, on violence and discipline problems, and on the reported movement of middle-class families from central city areas?

Sixth. Has the effort to insure racial balance in school systems had a positive effect in promoting the goal of a racially integrated society or has it intensified racial divisions within the community?

Seventh. What has been the effect of differing allocations of resources—Federal, State, and l cal—among and within school districts on the quality of education, and to what extent does the taxing method—for example, local property tax versus general appropriations—affect these disparities?

Eighth. Are there any important educational or social values to be gained by maintaining a commitment to the so-called neighborhood school?

Ninth. What disparities, if any, exist in the training, experience, and qualifications of teachers assigned to schools whose pupils are predominantly white, black, Puerto Rican, Mexican American, Indian, or any other race?

Tenth. What are the effects, if any, of the racial balance or imbalance of the teaching staff on the educational program of a racially balanced or imbalanced school? What are the problems of maintaining a racially integrated teaching staff in a racially imbalanced school?

I believe this proposal to be a reasonable, rational approach to a subject that is filled with excessive emotion, polarization, and hyperbole of a kind I have not seen matched in any other matter in which I have been involved.

I sent copies of this proposed legislation to a cross section of experts in the field of educatio , and also to some of those familiar to me who have taken strong and definite positions on the question of busing, asking for their comments on the proposal. Today, I am going to set forth a cross section of the comments I received. I received three general categories of opinions on this proposal:

The first category was that of Dr. James Coleman, professor of sociology at the University of Chicago, who praised the proposal as a reasonable approach to a difficult problem.

An opposite opinion is represented by the letter of Ira Glasser, of the New York Civil Liberties Union, which attacks my liberal credentials for offering a proposal which would even question the wisdom of busing, and the third opinion by Genevieve S. Klein, regent of the University of the State of New York, who rejects the need for a study of busing, because in her opinion there is no question that busing is destructive and should be stopped. I have also received some interesting general opinions and I will share them as well.

Let me briefly state my own opinion: I am for compulsory busing to achieve the racial integration only if the end to be achieved is quality education. I am not for such compulsory racial quotas in the classrooms and compulsory school busing, if the goal is not related to quality education, but is simply a societal goal of integration in every area of our society, to be achieved by compulsion and by merely using the school system as an experiment hoping to achieve it.

I want to make it clear, Mr. Speaker, that I believe that every person has the right to live any place he or she can afford, and current laws so provide. Occasional outrages do occur, perpetrated by individuals who violate the law to prevent such occupancy. Those individuals should be sent to jail. I consider their crimes to be crimes of violence, a violence against the person and the society.

On the other hand, Mr. Speaker, I am not opposed to ethnic communities of whatever background, which tend to form in our pluralistic society, so long as individuals are not prohibited from moving into any such community, if he, she, or they can afford to pay the rent or purchase price. This is the essence of free choice in a free society. But I do not want to see the Government compel Chinatown to be 63 percent white, or compel Little Italy to be 4 percent Russian, or compel Riverdale, a Jewish community, to be 22 percent black, or compel Harlem to be 63 percent white, which are roughly the percentages of these ethnic and racial groups in the New York City area. If we believe there are virtues in the ethnic cohesion of communities, because we allow free choice in choosing one's neighborhood and associates, we should not punish the people so residing by forcing them to bus their children elsewhere unless this will truly improve the quality of education for children generally. There are those who do feel that every neighborhood, every city block, every apartment house should reflect the racial composition of the metropolitan area, and that every school should also reflect the racial balance of the city, county, or State. I do not.

I believe that the kind of de facto segregation which exists in many cities today is different from that which existed in 1954, when many States operated dual school systems which had to be eliminated, and in the words of Supreme Court Justice Brennan, speaking for a unanimous Supreme Court in 1965, school boards which formerly operated dual systems "were charged with the affirmative duty to take whatever steps might be necessary to convert to a unitary system in which racial discrimination would be eliminated root and branch." I emphatically agree that segregation which results from gerrymandering, administrative practices, or other officially sponsored acts should be eliminated. However, the school boards of this country have not created the housing patterns we find in many cities. Some of these housing patterns have been created through voluntary choices. And regrettably racist and segregationist practices in many parts of society and government have caused others.

There are those who want to correct the patterns of housing segregation brought about by other parts of society by resorting to the readily available target—the school system—as a means to try to remedy these other injustices. I do not support efforts to use the school system for the purpose of achieving equality and justice in every other area of our social fabric. Furthermore, I believe it will not in fact achieve the broad-based integration that its proponents want, because it is so narrow in focus. I believe that all administrative practices and other legal means employed to segregate must be eliminated, but as for school busing to achieve compulsory racial balance, unless that is a requirement for quality education, I think it is counter-productive.

As I said when I introduced the bill, my heart tells me that in certain circumstances we should bus, but my gut tells me it is not working, and my mind asks why not ascertain the facts for review? No matter how controversial this issue has become, whatever the facts are, we should ferret them out.

I hope that our colleagues will join me in obtaining hearings on the bill for the purpose of improving and refining the questions such a Commission should address itself to, and for changing the manner of appointment for the Commission, if someone has a better way of composing the Commission. But, Mr. Speaker, we need this Commission, because we must have the facts, and I do not believe that we have them today.

I am appending some of the letters I received. First, those who have endorsed the proposal to create a "Commission on School Integration":

THE UNIVERSITY OF CHICAGO,
DEPARTMENT OF SOCIOLOGY,
Chicago, Ill., February 16, 1976.

Congressman EDWARD KOCH,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN KOCH: I received a copy of your statement proposing legislation to create a commission to study the factual issues involved in school segregation and desegregation. I believe it is an exceedingly wise action. The appointment of the commission members by the chief justices of the federal circuit courts and the Supreme Court would have the effect of making the Commission an instrument of the judiciary, which I believe is wise, since most of the current desegregation decisions are being made in the courts. And the scope of questions you propose insures that the nature of the investigation would be sufficiently broad to attend to the interests of the numerous parties affected by racial patterns in the schools. I fervently hope that the legislation is successful.

Sincerely,

JAMES S. COLEMAN,
Professor.

HARVARD LAW SCHOOL,
Cambridge, Mass., February 23, 1976.

Hon. EDWARD I. KOCH,
Congress of the United States,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN KOCH: I have been out of the office for a week and just received your February 11, 1976, letter containing your call for a school desegregation study as presented in the January 29, 1976, issue of the Congressional Record.

I've also given more thought to this matter. My views that a fairly representative commission will be hard to obtain and unlikely to produce anything really new have not changed. But I recognize that fact finding is one of the subsidiary purposes of most commissions. The primary responsibility of a commission is to present facts (that are known or easily knowable) in a context and with the leverage that will result in action. The Mondale Committee was unable to do this because, in part, they began with a pro-integration bias and reached conclusions that reflected their personal views with little regard for the minority position. Unfortunately, the great majority of the country is opposed to school integration for school integration's sake, and the continued advocacy of pro-integration on moral grounds did not significantly alter this opposition.

It may well be that a prestigious body that could command respect—despite is unrepresentative character—might be able to formulate a plan that would improve education today and hasten integration in the future. A carefully designed national plan supported by appropriate legislation would be welcomed by many courts, and might gain the support of all but the most rabid integrationists and segregat onists. In any event, the danger of a "sell out" of Brown during this president al election year is so great that your study commission idea deserves continuing thought and support.

My essay on "Alternative Remedies Under *Brown*" is scheduled to be published in a future issue of INTEGRATEDUCATION. If a notation to this effect could be included, I am certain the publishers would not object to your insertion of the essay in the Congressional Record.

Sincerely,

DERRICK A. BELL, JR.,
Professor of Law.

BOARD OF EDUCATION OF THE CITY OF NEW YORK,
Brooklyn, N.Y., March 5, 1976.

Hon. EDWARD I. KOCH,
House of Representatives, Congress of the United States, Washington, D.C.

DEAR CONGRESSMAN KOCH: Your proposed study on integration and busing has my approval and my support. The appointment of members of the Commission by the judiciary is acceptable. Among the members should be representatives of many disciplines. It is also important to insure that the members will come from diversified backgrounds.

It appears the Commission is charged with conducting the study from legal and factual perspectives. I assume that they will also address themselves to the social perspectives which are underlying.

Your statement recognizes the heat and emotion that has been raised by this topic. The study is needed and should be undertaken.

Sincerely,

AMELIA ASHE.

JOHN JAY COLLEGE OF CRIMINAL JUSTICE,
New York, N.Y., February 3, 1976.

Hon. EDWARD I. KOCH,
House Office Building,
Washington, D.C.

DEAR ED: Last night (Thursday) I picked up a copy of the News which carried a Washington story by Bruce Drake. It told of your call for a special panel to review the busing issue. I must tell you that I sat up for hours "re-thinking" the problem—and, once again, I have to acknowledge your courage and integrity in attacking the major problems confronting our nation.

I want to voice my strong support for your proposal and can only hope that the commission will do the right thing without regard to political implications. From my very limited experiences, and from the reading I have been able to do I have real doubts, too, about busing. I do not see evidence of the improvement of education, and moreover, I find an increase in hostility where busing has been forced.

The key to the success of the commission may well rest with the staff it selects. Often it is that small group which really leads in taking a direction and this should not be the case.

Good luck with your efforts. No doubt you will receive a good deal of flack on this one! When classes get underway, (Feb. 6th), I'll try to get some of the students to do some research on the subject—perhaps going into some of the areas involved, communicating with friends and relatives in other cities (such as Boston and Detroit), etc.

Best wishes and warmest regards.

Cordially,

LORRAINE COLVILLE.

THE UNIVERSITY OF THE STATE OF NEW YORK, THE STATE EDUCATION DEPARTMENT,
Rome, N.Y., February 23, 1976.

Representative EDWARD I. KOCH,
Congress of the United States,
Longworth Office Building,
Washington, D.C.

DEAR MR. KOCH: I have received the copy of your bill and I am in accord with the purpose thereof.

Please keep me advised as to developments in regard to the bill.

Sincerely yours,

EMLYN I. GRIFFITH, *Regent.*

AMERICAN JEWISH CONGRESS,
New York, N.Y., March 2, 1976.

Congressman EDWARD I. KOCH,
26 Federal Plaza,
New York, N.Y.

DEAR ED: Naomi showed me the Congressional Record report of your bill to establish a Commission to study the results of racial integration, etc.

I want you to know that I, too, support that approach. And, if there is anything I can do, please do not hesitate to write.

Sincerely,

ARTHUR HERTZBERG.

Second, those who believe in compulsory school busing to achieve racial integration and oppose my proposal:

LAWYERS' COMMITTEE FOR CIVIL RIGHTS UNDER LAW,
Washington, D.C., January 26, 1976.

Hon. EDWARD I. KOCH,
Longworth Office Building,
Washington, D.C.

DEAR CONGRESSMAN KOCH: Thank you for your letter of January 21 soliciting my com-

ments on your proposed statement and creation of a commission to investigate "busing issues."

I regret that my reactions are essentially negative ones. I have read your statement and proposed questions for the commission rather carefully, and I have spent a good deal of time thinking about whether the difficulties I foresee with this approach could be ameliorated to any significant extent by rephrasing or defining the questions. I conclude that they cannot be, and that the creation of the sort of commission which you propose is unlikely either to provide definitive answers to the questions you raise or to contribute to a reduction of the level of national debate and tension about busing.

Let me deal first with the procedural aspects of your proposal. I cannot agree with your assumption that having members of the commission appointed by the Chief Justice and the chief judges of the federal judicial circuits would get the commission out of politics. Without in any way implying any lack of qualification or expertise in the law on the part of federal judges, I think we must all recognize that political service has traditionally been a prime prerequisite for judicial nomination. Furthermore, the commission you identified will be established in the midst of a national political campaign in which "busing" and "racial balance" are likely to be issues. In these circumstances, I submit that it borders upon naivete to suggest that politics will have nothing to do with the establishment and workings of the commission.

Another difficulty is that all of the federal courts of appeals have been faced since the *Brown* case in 1954 with the necessity of enunciating circuit policy on school desegregation matters. Unavoidably, both the chief judg s and other circuit judges will not, therefore, come to this subject without preconceived notions about questions you would have them answer. These personal opinions and observations do not normally interfere with the judicial process because of the specific guidance given lower courts by the Supreme Court's decisions, but they could receive wider play if the judges are thrust into a non-judicial role.

Perhaps the need which you perceive for a national commission is indicative of widespread misunderstanding about school desegregation cases. Some of this misunderstanding is, I fear, reflected in your statement. For example, you proceed from the assumption that the courts in school desegregation cases are ordering "compulsory racial balancing." This is simply untrue. What the courts are ordering (upon a showing that the Constitution has been violated by deliberate racial student assignments and other policies) is that the result of that racial discrimination (namely, one-race and racially identifiable schools) be eliminated. It takes affirmative action to do this. When a school has been deliberately located in the center of a large black residential community, or in a distant white suburban area of a school district, for the purpose of predetermining the racial character of that school's student body, it is impracticable to eliminate the results of that deliberate racist policy by moving the school. Schools have generally a useful life of approximately 50 years. The only option is to rework student assignments so that the deliberate racial school siting choice no longer exercises its influence over the schools' racial identity. In a district of any size, this means busing.

To recognize this scenario is not the same thing as to assert that the courts have been engaged in "compulsory racial balancing." That is why I find the basic assumption of your statement to be unacceptable of itself and to color and distort all of the questions you would have this commission answer.

There are other problems which I perceive in your suggestion. First of all, with minor exception, the questions you propose are not questions of fact about which definitive answers can be given. They are, rather, matters of opinion about which reasonable men can and do disagree. As far as the facts about school desegregation are concerned, they are largely to be found in recitation of historical occurrences, and in statistical summaries which describe what has happened when school districts have desegregated. These matters are set out in full in the 20-some volumes of hearings and material collected by the Senate Select Committee on Equal Educational Opportunity, and what I believe to be very reasonable conclusions from this evidence are found in the Committee's report issued December 31, 1972. With this extensive background investigation, I cannot agree with the assertion that individuals who do not find your proposal for the creation of a commission attractive "are afraid to know the truth."

Finally, you asked whether I thought the questions you propose are "all-inclusive." I hardly think so, but an "all-inclusive" set of questions would present any body of human beings with an impossible agenda. Let me however summarize the major problems I have with the questions as they are now framed. First, they proceed, as I have said, from an assumption that the courts have been ordering compulsory racial balance. Second, they do not recognize the constitutional framework within which the judicial system has been operating. Third, in many respects they duplicate questions which have been submitted to hundreds of thousands of hours of painstaking analysis already. I refer here not only to the Select Committee's work but also to such studies as those of the National Education Finance Project which are relevant to such of your questions as nos. 2 and 7. Fourth, the list of questions includes many terms of inherent vagueness for which no definition is given. Fifth, some of the questions even if narrowly construed would require a longitudinal study extending over far more than 18 months in order to provide an appropriate answer. Finally, as I have commented above, many of the questions call for judgments and opinions about which there will be great differences, and not for factual answers.

I regret the necessity of being so negative but I see no realistic possibility that the issue of whether the Fourteenth Amendment shall be enforced can be satisfactorily resolved by sending it to committee. I hope you will reconsider your intention to introduce such legislation.

Very truly yours,

NORMAN J. CHACHKIN.

JANUARY 30, 1976.

NORMAN J. CHACHKIN, Esq.
Lawyers Committee for Civil Rights Under Law, Washington, D.C.

DEAR MR. CHACHKIN: First, I want to thank you for providing me with your thoughtful comments on my proposal. Notwithstanding the fact that we are not in accord as to its efficacy, I am very appreciative of the time that you took and the insight that you provided.

The final text of the statement that I will be introducing today is enclosed. You will find that it is somewhat changed from the original.

Sincerely,

EDWARD I. KOCH.

AMERICAN CIVIL LIBERTIES UNION,
New York, N.Y., February 13, 1976.

Representative EDWARD I. KOCH,
House of Representatives, Longworth Office Building, Washington, D.C.

DEAR ED: I shared your note of February 2 and the enclosed copy of your statement on busing with a member of our legal staff, Richard Larson. In response, I got back the enclosed memorandum from Larson. I thought I should send you Larson's views in this unvarnished form because I completely agree with what he says.

It is dismaying to me to see so many "liberals" seeking ways to hop on to the anti-busing bandwagon. I hope you are willing to rethink what you are doing. If you think the matter bears discussion, I would be happy to arrange a meeting with you and Larson and, if they are available, with Scheuer, Coleman and Silberman. Please let me hear from you on this.

Best regards.

Cordially,

ARYEH NEIER.

FEBRUARY 23, 1976.

ARYEH NEIER,
American Civil Liberties Union, New York, N.Y.

DEAR ARYEH: Needless to say, I was disappointed in your response to my busing statement and proposal that a Commission be established to review the impact of our efforts to achieve racial balance in our schools. I realize that what I propose will stir controversy and possibly threaten the present direction of school integration—but I would least expect to find resistance from the American Civil Liberties Union to a review of the facts, simply because it might threaten the status quo.

Mr. Larsen criticizes my use of the concept of busing. We all know that this is not the crux of the issue. And we all know that busing is nothing new—indeed we have decried the miles that black children were bused past white schools. Blacks and whites have been bused for years. Furthermore, I realize that compulsory racial balance can be achieved through walking as well as busing patterns. Mr. Larsen's proposal that there be a dissemination of information about "school transportation in the United States" is not really substantive and one that seeks to avoid the more difficult factors at issue.

I would be happy to include in the Commission's study Mr. Larsen's questions relating to "governmental policies which have caused our dual minority white societies" and our obligations to undertake corrective actions.

Frankly, Aryah, I find it odd that you ask me to "rethink" what I am doing—and yet criticize me for suggesting that we as a country review and indeed rethink—what we are doing on this issue.

My proposal is not in final form. If you wish to meet to discuss how its "factual" base might be improved, I should be happy to do so. But, a meeeting to simply seek to dissuade me from ascertaining the facts will serve no purpose at all.

All the best.

Sincerely,

EDWARD I. KOCH.

NYCLU,
New York, N.Y., March 4, 1976.

Representative EDWARD I. KOCH,
House of Representatives,
Longworth Office Building,
Washington, D.C.

DEAR ED: Regarding your proposed commission to study the effects of compulsory busing, and your exchange with Aryeh Neier, I have the following comments:

1. You beg the question regarding Mr. Larson's memorandum. His chief point is that the facts are known, that the vacuum of knowledge you imply exists does not exist, and that therefore the ostensible value of the inquiry you propose is minor, at best. If Larson is right, then the probability of deriving the benefit you seek—more factual knowledge—is low.

2. You barely recognize, in your letter to Aryeh, that your proposal may "possibly threaten the present direction of school integration." I believe that the chief result of your proposal will be to strengthen the resistance of those who mean to perpetuate racial discrimination. I believe—and that is basis for Larson's and Aryeh's opposition to your proposal—that the probability of such an effect, whether you intend it or not, is high. If we are right, then the potential for harm in your proposal is immense.

3. If we are right and you are wrong about points (1) and (2), then your proposal is mischievous and, by your own standards, ought to be withdrawn. If the probable political impact of such a proposal, especially when made by a noted Northern liberal integrationist Congressman, was to increase racial discrimination, and if the probability of benefit from your proposal is low because most of the knowledge you seek already exists, then you ought rationally to withdraw your proposal.

But, for all your superficial openness and rationality, you are not prepared even to discuss these possibilities! Any attempt to dissuade you from going forth with your proposal "will serve no purpose at all." Your open mind is closed. Your relentlessly "rational" pursuit of "the facts" excludes even the possibility of certain other "facts."

In the interests of ascertaining all the facts, Ed, I suggest that you stay your hand until we have first had a Commission appointed to study the likely effects of your Commission. Perhaps you believe that kind of question unanswerable. "If that is true," to use your telling phrase, "and I hope it is not, the Commission should advise us accordingly."

It is a good thing you were not in Montgomery when Rosa Parks decided to sit down. You might have persuaded her to let you appoint a Commission first to evaluate the facts. It is an even better thing that you were not around to advise the Supreme Court in *Brown*. Surely they needed a Commission to evaluate the likely effects of their decision. Had such a Commission been appointed, and had it correctly anticipated the effects of *Brown*, perhaps the decision would have been different. George Wallace was a dummy; instead of standing in the schoolhouse door, he should have called for a Commission. That's a fact.

Sincerely,

IRA GLASSER,
Executive Director.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 15, 1976.

MR. IRA GLASSER,
Executive Director, New York Civil Liberties Union, New York, N.Y.

DEAR IRA: I have your letter and regret that you thought it necessary to engage in invective which I consider your personal references to me be. Nevertheless, since you appear convinced that the answers to the questions which I raise in my resolution for the consideration of a commission are known, I would like to have the benefit of those answers.

Would it be possible for you to touch briefly upon each of the ten questions that I have raised in so far as the facts are known to you? I know that there are experts in the field who are not quite so convinced as you are that all of the facts have been established.

Finally, let me just suggest that the kind of rhetoric employed in your letter to me, while more urbane than that of the polemicists equally polarized at the other extreme of the issue, is in the same vein—reinforcing my feelings that we really ought to have the facts and pursue them.

All the best.

Sincerely,

EDWARD I. KOCH.

NEW YORK, N.Y.,
February 25, 1976.

Congressman EDWARD I. KOCH,
Longworth House Office Building,
Washington, D.C.

DEAR ED: Thank you for sending me a copy of your proposal for establishing a commission to study the use of busing to achieve racial integration in schools. I generally applaud what you do, but in this instance I feel that you have taken a backward step.

In the first place, I do not think you have given adequate consideration to the matter of timing. Because there is turmoil in one city or another, such as Boston, it does not mean that the turmoil would necessarily be permanent. Take Little Rock, Arkansas for example, where school integration had to be enforced with the aid of federal troops, yet today, as I understand it, integration at Little Rock is working peacefully and without any uproar from the community. Charlotte, N.C. is another example and I am sure there are many others where busing got off to a rocky start but ended up by community acceptance. But, you say, if this is so, why not get all the facts through a national survey of the sort you have proposed? My answer is that the very proposal will give aid and comfort to the white supremacists at a time when what is most needed is for public opinion to support the courts, which have the constitutional authority and duty to eliminate discrimination and to frame appropriate orders in each particular case after considering all the facts and circumstances. I do not know what the final outcome will be in Boston, but the revised order of the District Court, issued after the most thorough-going study and hearings, has been unanimously upheld by the Court of Appeals, and it seems to me that what is needed now is not to hold still another set of hearings or investigations which would simply reopen the whole controversy and increase the tensions, but rather to support the courts' actions and hope for time (or further judicial action) to bring its own solvents.

Secondly, I have difficulty with the way in which you propose to create the commission. It does not seem to me to be proper for Congress in effect to direct the Chief Justice of the United States and the Chief Judges of the Courts of Appeal to appoint members of a commission which is to make recommendations for legislation to Congress. Perhaps the bill would merely request the judges rather than direct them, but in either case, if the judges did what they were told or asked to do with regard to appointing members of the commission, they would be setting a precedent which could have unfortunate consequences. In the first place, it would imply that Congress has the power to issue directions to the judges, if the bill were so couched, or to put pressure on the judges to comply if the bill were in the form of a request. If the judges were to turn down the direction or request as improper or unconstitutional, they would be inviting a dispute with Congress which would be most unfortunate for all concerned.

I think that the order or direction, as the case might be, would be particularly objectionable because acceptance by the judges would imply that Congress had constitutional authority not only to make the request or order, but to legislate with regard to what kinds of decrees the courts should make in cases brought before them. If a plaintiff sues in court complaining that he has been deprived of a constitutional right, i.e., to equality of educational opportunity, and the Court finds in his favor that he has in fact been deprived of such a right, it is the court's duty to fix the remedy under all circumstances of the particular case and after hearing all the parties. I should not suppose that a statute of Congress purporting to regulate the kinds of decrees which the courts could make in such cases would stand up constitutionally. Congress might, perhaps, pass a statute in aid of court decrees in such cases, but that would be quite a different matter from legislating as to when and under what circumstances busing would be a permissible remedy. I may be wrong, and I have not done any research on this, but I am reasonably certain that you have here a problem of the separation of powers and that the judiciary would reject any attempt by Congress to limit the courts' authority to shape remedies for the violation of constitutional rights.

A fact-finding commission appointed by the President, or by Congress itself or by some other agency specified by Congress, would not run up against these constitutional difficulties. Nor would a commission appointed by the judges on their own initiative to aid them in the future shaping of decrees. For reasons I have already stated in the first part of this letter, I think it would be unfortunate if such a commission were appointed, even by the judges themselves, since I think that at this stage of history, the courts ought to continue to work out the problems as best they can and to receive the support of the people in so doing. But at least their action would not involve any question of separation of powers.

I have only one other comment. You say toward the end that you want to know the best way for school children of all races to obtain a good education "in an atmosphere free of racial turmoil and recrimination." It seems to me that this comes very close to saying that compulsory busing cannot work, because as we all know *some* racial turmoil and recrimination is almost bound to arise whenever busing is ordered over white protests; it may not last for long but it is almost bound to occur for at least a little while. I personally think that this is the price we have to pay to right the wrongs created by centuries of discrimination, and it grieves me that you, whom I admire so much, should seem to be questioning that position.

Please excuse the length of this letter; I didn't have the time to make it shorter!

Sincerely yours and with all good wishes,

LLOYD K. GARRISON.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 6, 1976.

LLOYD K. GARRISON,
New York, N.Y.

DEAR LLOYD: I appreciate having your letter of February 25th and the spirit of friendship with which it was written. I am sorry that we disagree on this issue.

I have no quarrel with taking steps to make up for the damage of past discrimination—my only concern is that we do not take steps that in the long run are counterpro-

ductive and destructive. I am willing to bear some turmoil and pain—but again only if in the long run we are successful in achieving our goals of quality education and a racially integrated society. At this point many question whether the turmoil is only temporary or whether compulsory racial balance is not in fact going to cause a more damaging resegregation (through white flight from the public schools and communities) and a more embittered division between the races. In New York City as of October 1974 the public school system was 67% non-white, and 71% non-white in the first three grades. If compulsory racial balancing of our schools causes New York City to lose its middle class, both black and white, are we making progress?

Because the present course of compulsory busing and racial balance in our schools is tearing at the very fabric of our cities, I think that a Commission's review of where busing has brought us to date is necessary and will be helpful. For if indeed it is shown that the turmoil and white flight persists for only a little while as you suggest, and it were determined that the sought after goals of quality education and better integration of the races were in fact being achieved over the long run, then we could be reassured in continuing our busing practices and enduring the initial turmoil. If on the other hand, it is demonstrated that we are precipitating a more damaging and permanent resegregation, shouldn't we know about it?

In all candor, while I am concerned that the remaining divisions between white and minority groups be erased, I see nothing wrong with the continuation of ethnic communities. Such homogenity gives strength to neighborhood relationships which are having a hard enough time surviving today, particularly in our cities. At the same time, of course, opportunities for anyone to move into any neighborhood, must be preserved and protected by the law. And as part of that anyone, and occasionally there still is such a situation, who engages in an illegal act in keeping someone out of a community should be prosecuted to the fullest extent of the law with a jail term.

Neighborhood schools contribute to neighborhood strength. Perhaps one of the things the Commission should examine is whether those areas where school lines have been drawn to achieve greater integration and yet whose boundaries are equidistant from the school, have in fact been more successful in integrating the races, not only in the schools but in the community, than those in which the more artificial integration has been achieved through compulsory busing. In short, all techniques that have been employed to achieve integration should be reviewed to see how they've worked.

I acknowledge that there may be some problems in having the Commission Members appointed by judges. My reason in looking to the judiciary for aid in formulating the Commission was to remove the Commission from the political arena, and the pressures thereof, as much as possible. Perhaps you could suggest some better way to make the Commission's review and recommendations as objective as possible.

I am fortified in my resolve to pursue my legislation by the fact that it has been endorsed by both Professor James Coleman and Charles Silberman, leaders in the field of school integration.

Sincerely,

EDWARD I. KOCH.

LLOYD K. GARRISON,
New York, N.Y., March 11, 1976

Congressman EDWARD I. KOCH,
Longworth House Office Building,
Washington, D.C.

DEAR ED: Thanks so much for your thoughtful letter of March 9. I feel rather guilty about having put you to so much trouble. There is much in your letter that is persuasive. Our remaining differences, I think stem from two contrasting assumptions. Mine is that the judges are feeling their way through the immensely difficult task of working out ways and means of complying with the constitutional requirements laid down by the Supreme Court; that there is no one formula applicable to every city and that therefore, the case by case approach of the judges is the only feasible course to pursue. And I have the conviction that given time the process will work out for the ultimate benefit of the young people involved. You, I think, assume that "the present course of compulsory busing, and racial balance in our schools is tearing at the very fabric of our cities"—a broad generalization with which I do not agree. The decline of many of our cities—not all of them by any means—is due to many causes of which the integration decisions are a very minor element. And it seems to me that your bill is a reflection of your basic assumption, that what the judges are doing is tearing at the fabric of our cities and that, therefore, a national commission ought to examine into the consequences of the court's decisions, whereas I would counsel patience and, if not active support of the judiciary, at least a willingness to leave them free to do what they think best in the varying situations that come before them.

While I don't think that our differing view points can be reconciled, I still have the greatest respect, as I said in my first letter for your judgment and devotion to the public interest.

In regard to the make-up of your commission, it seems to me that the questions to be considered are fundamentally educational and it is really not appropriate for the judges to sit in judgment on what they themselves are doing. I agree with you that the conflicts are so emotional that it is difficult to figure out how to appoint a body that would be as free from racial and political biases as men can be. The only suggestion that has occurred to me would be for the President to call together a group of leading university presidents broadly representative of the country as a whole and ask them to appoint a commission of leading educators to report their findings and conclusions to the president, for publication and for such action as might seem appropriate. An appropriation for this purpose could be made to the Office of Education, which could be directed to facilitate the task of the commission. The commission should pick its own counsel and staff and the members of the commission should be directed to devote full time, or approximately full time, to the work and should be adequately compensated. I believe that a very large appropriation would be necessary to produce a really meaningful report, because of the great variables between one city and another and the necessity of inquiring into the history and background of the movements of middle class people to the suburbs, the origins and leadership of each set of conflicts, the nature of each court decision and its practical consequences, etc.—a truly huge undertaking. But anything short of this would be worthless and would only add further to the confusion and controversy which now surrounds this whole effort of democracy to find democratic solutions to human problems.

Forgive my burdening you with another long letter.

Sincerely,

LLOYD K. GARRISON.

Third, a letter from one who opposes the Commission, because she believes that busing is clearly wrong and should be stopped without waiting for the recommendations of a Commission:

THE UNIVERSITY OF THE STATE OF NEW YORK, THE STATE EDUCATION DEPARTMENT,
February 18, 1976.

Hon. EDWARD I. KOCH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN KOCH: I am responding to your letter of February 11 in which you request my comments and endorsement of your proposed bill (H.R. 11613) to establish a commission on school integration.

There is no doubt in my mind that you are well intentioned and desirous of establishing objectively the worth of compulsory busing and other integration measures as means of bringing about "quality education" in our schools. I believe, however, that there is no need for additional commissions or studies of integration. It is difficult to bring objectivity to highly emotional issues, but the integration experiences in Louisville, Boston, and all too many other places, document the obvious conclusion that compulsory busing is harmful to race relations and disruptive for the schools.

Segregation by law is an abomination. And the Supreme Court in *Brown* was right to strike it down. However, some subsequent federal and state court decisions have not only failed to contribute to improved education, but by imposing "social engineering" on the schools have worsened race relations in schools and co unity. Even if your proposed commission should come up with a "factual" report, it cannot, as you know, bind judges.

The "gut" feeling which you reported to the Congress is the right one. Compulsory busing is not working. Therefore, I cannot endorse your proposed commission. There is no compelling need to buttress the widely expressed public opinion that compulsory busing to achieve racial balance in the schools should be ended by HEW and the courts.

Sincerely yours,

GENEVIEVE S. KLEIN,
Regent.

And lastly, I append some interesting comments from those who have other relevant views:

DEAR CONGRESSMAN KOCH: Today I received from you a copy of the Jan. 29 Congressional Record in which you proposed the establishment of a commission to study and to re-evaluate the merits of busing.

I am a mother of 2 young school-age children. I am Chinese and a recent immigrant. For my children, I look for the quality of Education in schools. The mere sitting next to a white child does not offer quality education. The argument for busing, I understand is that there are better schools in the "white" neighborhoods. Then why not get to the root of this inequality. Why not take all the money, effort now spent on enforcing busing and put all that or maybe even more in providing better schools in poor neighborhoods. Why not increase federal funding to provide more and better teaching staff and facilities, for example, reduce students-teacher ratio to say, 15 to 1. The current students-teacher ratio of some 40 to 1 makes it impossible for the teacher to teach and the students to learn.

Learning does not start at 8 a.m. nor does it end at 3 p.m. Children learn social adjustment, leadership, civic duties, and other values in life from after-school extra-curricular activities. My own younger sister was sent to attend a "good private" school at the other end of town. It took her one hour to travel each way everyday. She was exhausted at the end of day, and frustrated that she could never participate in any of the school activities nor visit and of her school friends after school due to the great

distance. Bus-children are robbed of this part of their education.

Since the first consideration of busing in 1960's, I feel we have come around with a great deal of re-thinking, re-newed awareness of ethnic pride and appreciation of cultural contribution from different racial, ethnic groups. I would like to see my children given more opportunity to learn about their heritage. I feel many of my black friends are in for "Black is beautiful". Racial integration can be achieved more effectively by more effort in eliminating job and housing discrimination. To my mind, it is fundamental to provide good quality education to children in their own neighborhood. Once they have good education, and are free to get good jobs, racial integration will be achieved naturally. In my opinion, busing is an arbitrary manipulation thwarting people's basic constitutional right of freedom to choose, whereas efforts in eliminating job and housing discrimination is assuring one's fundamental rights.

I am happy to hear that you are also rethinking this sensitive issue. I may have expressed my views on a complex issue in a very simplistic manner, but this is how I feel. Thank you for inviting me to express my opinion.

Sincerely yours,

MING H. WANG.

THE UNIVERSITY OF CHICAGO,
DEPARTMENT OF ECONOMICS,
Chicago, Ill., February 3, 1976.

Hon. EDWARD I. KOCH,
U.S. House of Representatives,
Washington, D.C.

DEAR ED: I too enjoyed very much our plane visit. I appreciate your sending me the draft of your statement on a commission to investigate busing.

Your questions are excellent questions but I remain skeptical that very much can be contributed to them or to the solution of the busing problem by the kind of commission you propose. The basic problem is that the questions are not factual questions admitting of factual answers but implicitly involve questions of value that are not susceptible of handling on a rational level. Many of the separate items have been the subject of much academic study; they are available. But the basic issue of the role that the state should play vis-a-vis the individual cannot be determined in a commission investigation.

Do let me urge you to consider more seriously the voucher scheme as a much more immediate and acceptable solution to the busing problem. I believe that it would receive the overwhelming support of most parents in this country if they could understand exactly what is involved.

Cordially yours,

MILTON FRIEDMAN.

THE CITY OF NEW YORK, OFFICE OF THE PRESIDENT OF THE BOROUGH OF MANHATTAN,
New York, N.Y., February 13, 1976.

Hon. EDWARD I. KOCH,
Congress of the United States, House of Representatives, Washington, D.C.

DEAR ED: I shall be away the coming week as a delegate to the International Conference on Soviet Jewry in Brussels, Belgium. However, I have scanned your proposal for a 13-member national study commission.

I believe that Black and White Americans are impaired in their ability to work, live and communicate together, as adults, when they have been separated and become alien to each other in different schools and neighborhoods, as children.

I believe further, that part of the educational process of a child is the contact which that child has with children of other groups, neighborhoods and background. How to accomplish this objective while banks and lending institutions red-line certain areas of our cities and fail to lend money for the purpose of integration of our housing in those communities leads to neighborhood segregation and racial separation accompanied by substandard schools in our poorer and racially segregated communities.

All of these circumstances gave rise to the court action to desegregate schools and the resultant court decisions to utilize busing as one alternative method of school desegregation.

Another tool for school desegregation could easily be *integrated housing* and *integrated communities*. But, unfortunately, many of those leaders who strongly oppose court ordered bussing as a means of desegregating our schools are just *against bussing* and offer no early implementable alternative. Presidential candidates, Henry Jackson and George Wallace are two such leaders.

Your proposal for a national study commission *could* be helpful Ed; if it was so structured as to permit full and meaningful consideration of all realistic and accomplishable methods of school desegregation. And, I thank you for asking me for my opinion.

With warm regards, I am,

Sincerely,

PERCY E. SUTTON.

THE UNIVERSITY OF THE STATE OF NEW YORK,
New York, March 1, 1976.

Hon. EDWARD I. KOCH,
Congress of the United States, House of Representatives, Longworth Office Building, Washington, D.C.

DEAR CONGRESSMAN KOCH: Thank you for sending me your bill, H.R. 11613. I believe that an inquiry into the matter of schooling as a means by which racial discrimination can be lessened could be useful, but certainly I would not turn to the judiciary for such a study.

This is a matter of educational and social inquiry, not essentially a matter of law. We *know* what the law is. What frustrates judges—and perhaps caused Judge Garrity on one occasion to violate the Constitution in reproving anti-busing advocates, and caused the Louisville U.S. District Judge to give the press printed handouts, like a PR man, on "guidelines" by which to interpret his decision—is that the judiciary has the authority to state the law but not the legislative or administrative means to carry it out. In any event, the 1954 Brown decision went beyond the matter of law and introduced (dubiously, I think) social science investigations into the decision.

An inquiry should be put into the hands of educators, parents, social scientists, and elected representatives of the people.

That's my view.

Yours,

WILLIAM JOVANOVICH.

CARIBBEAN TAX HAVEN TOUR

(Mr. VANIK asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. VANIK. Mr. Speaker, on April 12, 1975, 3 days before 75 million Americans must have their Federal income tax filed, 80 other Americans will be leaving Miami on a tax-dodging Caribbean tax haven tour. The tour will cost a minimum of $1,750, sunny and tax deductible to the participants who will have opportunity to learn how to take full advantage of legal tax avoidance.

This group will be wined, dined, and advised by local government officials in Cayman, Costa Rica, Panama, the Netherlands Antilles, and the Bahamas. It is unconscionable that our tax laws and trade laws permit this form of international tax piracy—luring desperately needed revenues from the Federal Treasury of the United States.

Mr. Speaker, the tax haven abuse is becoming more widespread and is resulting in incredible distortions in investment practices. For example, American Federal Reserve banks had $20.7 billion in Bahamas and Cayman Islands at the end of 1973, more than enough to make the entire island green with American money.

I am today requesting Ambassador Harald Malmgren, acting head of the Office of Special Representative for Trade Negotiations, to raise the issue of tax haven countries at the multilateral trade negotiations being conducted in Geneva. It is time that the international community consider trade sanctions against those nations which flaunt their role as world tax havens.

The letter is as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 10, 1975.

Hon. HARALD B. MALMGREN,
Ambassador, Special Representative for Trade Negotiations, Washington, D.C.

DEAR MR. AMBASSADOR: During the up-coming Multilateral Trade Negotiations in Geneva, I request you and other American negotiators to raise the issue of improper trade practices by tax haven countries. While tax haven countries do not restrict—in the traditional sense—trade between nations, they clearly offer unfair and distorting "subsidies" which attract the flow of capital, industries, and jobs from the United States and other industrialized nations. In many cases, these tax haven countries are quietly supported by their former owners or possessor countries—who are usually members of the Organization for Economic Cooperation and Development.

Judging from recent advertisements, I believe that the tax haven abuse is becoming more widespread. It is resulting in incredible distortions in investment practices. For example, at the end of 1973, members banks of the Federal Reserve System had invested assets of some $20.7 billion in the Bahamas and Cayman Islands—both of which are notorious tax haven countries. These assets were larger than the assets of these banks in Continental Europe as of the end of 1973!

As another example, I am enclosing for your information, a pamphlet advertising a "Caribbean Tax Havens Tour." This "tour," organized by a seminar service, will leave Miami on April 12th and travel to Grand Cayman, Costa Rica, Panama, Netherlands Antilles, the Bahamas, and return to New York on April 25th. For a registration fee of $1,750 (including tuition, air fare, hotel accommodations, receptions, and cocktail parties), the first 80 persons who sign up will have "a unique opportunity to not only visit the major tax havens in the Caribbean, but to attend informative lectures as well in each tax haven dealing with its particular advantages.

"These sessions will be conducted by distinguished government officials, financial experts, and noted legal authorities."

For example, the program for Costa Rica includes such "topics" as "Costa Rica Taxes Only Local Income." In Panama, the lead lecture is entitled "Panama's Role as a Major Tax Haven." In the Antilles, the topics include "Netherlands Antilles as a Base for Eurobonds and Holding Companies" and "Using a Netherland Antilles Company to Invest in U.S. Real Estate." Finally, one of the Bahamas topics is "The Bahamas Is Still An Important Tax Haven."

I think you will agree that this type of promotion is a form of unfair international competition, resulting in unneeded and unproductive investments. I urge the American delegation to the new trade negotiations to oppose extending any form of Generalized System of Preferences to recognized tax haven countries. In addition, I believe serious consideration should be given to establishing some form of counter-vailing duty or tariff on the products of tax haven countries. I would appreciate your comments on how the problem of tax haven countries could be raised during the trade negotiations.

Sincerely yours,

CHARLES A. VANIK,
Member of Congress.

ABOLISH THE USELESS FEDERAL METALLIC AND NONMETALLIC MINE SAFETY BOARD OF REVIEW

(Mr. HECHLER of West Virginia asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous material.)

Mr. HECHLER of West Virginia. Mr. Speaker, the President has been asking Congress to tighten its belt on Federal spending. For 3 years I have been trying to have abolished a very useless board which does nothing but meet once a year for administrative purposes, the Federal Metallic and Nonmetallic Mine Safety Board of Review.

It recently submitted its report to the Speaker of the House on its activities for 1974—and its activities were none. The report for calendar year 1974 even made a mistake in the date placed on the report, dating it "January 11, 1974" for its calendar year 1974 report. Yet the President in his budget has asked for $60,000 for this useless board, which includes two administrative personnel, and pays the travel expenses of the five members who travel here to Washington for meetings to do absolutely nothing.

Mr. Speaker, this Board should have been abolished long ago. It was created in 1966, but did not begin to "function" until 1971, yet the President has just announced the renomination of Mr. Charles E. Schwab of the Golden Cycle Corp. of Colorado to serve on this Board.

Mr. Speaker, I have asked the chairman of the Committee on Labor and Public Welfare of the Senate, Senator HARRISON WILLIAMS to take steps so the Senate reject the confirmation of Mr. Schwab, and I have written the chairman of the Committee on Education and Labor of the House, Representative CARL PERKINS, to recommend the appropriate legislation to deauthorize this board. If that cannot be done, we certainly ought to cut out the appropriation for the Board. It is outrageous that this board should continue to exist and do absolutely nothing.

The Board is supposed to receive appeals from mine operators served with closure orders. But no such appeals have ever been filed, despite the fact that in calendar year 1974 there were 1,988 closure orders issued by the Department of the Interior. This do-nothing Board has managed to spend nearly $200,000 since 1971.

Under unanimous consent, I include the following letters and reports:

FEBRUARY 4, 1975.

Hon. HARRISON A. WILLIAMS, Jr.,
Chairman, Committee on Labor and Public Welfare, Dirksen Office Building.

DEAR CHAIRMAN WILLIAMS: I understand that President Ford has recently nominated Mr. Charles E. Schwab to a second four year term as an industry representative to the long-dormant Federal Metal and Nonmetallic Mine Safety Board of Review.

I strongly urge that your Committee promptly move to terminate this Board, in lieu of recommending confirmation of this nominee.

This Board is akin to the old Federal Coal Mine Safety Board of Review which Congress terminated in 1969. Like the old coal mine Board, this Board has five part-time members, consisting of a university professor, two mineral-industry representatives, and two labor representatives.

Its statutory reason for existing is to "hear and determine" applications filed by mine operators for "annulment or revision" of closure orders issued by Interior Department inspectors and orders issued by the Secretary. But no such applications have ever been filed with the Board, despite the fact that in calendar 1974 there were 1,988 closure orders issued by Interior. This is because Section 9 of the Federal Metal and Nonmetallic Mine Safety Act (80 Stat. 772, 777) gives the operator another procedural avenue of review, namely the Secretary of the Interior. There have been no appeals to the Board from a final order of the Secretary. In essence, the Board duplicates the Secretary's procedure and is unnecessary.

Since July, 1971, when the Board began to function, it has met less than six times "for administrative purposes." Yet in this period it has managed to spend nearly $200,000 none of which has benefited the health and safety of the miners.

Although the President has recently implored Congress to be frugal and not increase the budget for people-oriented programs, I note that he is asking Congress to appropriate $60,000 in Fiscal Year 1976 for this "Do-Nothing" Board.

I urge that your Committee move to terminate this Board before Mr. Schwab's current term expires in July, 1975, and provide for direct appeals from the Secretary to the courts.

Yours sincerely,

KEN HECHLER.

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 8, 1975.

Hon. CARL D. PERKINS,
Chairman, House Education and Labor Committee, Rayburn House Office Building.

DEAR CHAIRMAN PERKINS: President Ford recently nominated Mr. Charles E. Schwab of the Golden Cycle Corporation of Colorado to a second four year term as an industry representative to the long-dormant Federal Metal and Nonmetallic Mine Safety Board of Review.

convex to the origin as shown in diagram 1. if—

And here I must stop quoting because there follows a mathematical formula that requires 10 lines of typing and several pages of explanation.

I do not argue here about the validity of some of the factors used in the calculations. Maybe Laredo should be criticized for having no trails for hiking or biking, though the city is placed in an area where fresh air and exercise can readily be obtained. Maybe our death rate, shown at 7.2 per thousand, means something about the quality of life. Maybe our low per capita rate of government spending means our officials should not have measured public services against public ability to pay. I confess a certain confusion about the study itself.

But I am not confused about the release of the study without any effort to advise officials of Laredo and the other cities that they were to be indicted without any chance to respond. I am angry that the EPA, which has contended that it has a vision of a better future for our people, lacked the ability to see the effect this report could have. To those who study the report, its faults from outdated statistics will be obvious. They will soon question, as I do now, the wisdom of spending taxpayer's money in this manner.

And I assure one and all that in spite of the unfavorable light cast by this report on the city of Laredo, we shall continue to progress. The people who choose to live and work there will find it an alert community, meeting its challenges now instead of looking over its shoulder at the past.

Mr. GONZALEZ. Madam Speaker, will the gentleman yield?

Mr. KAZEN. Certainly, I yield to my distinguished colleague, the gentleman from Texas.

Mr. GONZALEZ. Madam Speaker, I thank the gentleman from Texas for yielding.

I rise in support of the gentleman's statement and of his position. I was interested in his reaction that he has expressed so eloquently to what I consider to be a very wasteful exercise on the part of a governmental agency. This is one of those things that gives credence to the letters I have received from citizens year in and year out about certain projects that are apparently financed by the Government through some agency or bureau, projects that really seem ridiculous. They seem so unbelievable that one hardly knows how to reply to the constituent. On more than one occasion I have been shocked to find out the constituent has been right.

Naturally, the Congress is not aware of these projects, because in the funding of these agencies, the Congress not being an administrative body, there is a certain amount of delegated discretion and power exercised by these administrative agencies.

In this case this report is grossly inaccurate. It is not worth even half the amount of money that was contracted for by the EPA in payment for the so-called study. It is obviously the work of a couple of professors who performed the work in order to pad their annual incomes and found this to be one profitable way to do it without leaving the classroom, without leaving academia, because obviously they did not visit any of these cities they have rated. They rated practically every city, and it would have been physically impossible for them to have made a personal and a corroborated visit to these cities.

So, I think the gentleman is performing a very notable service, just as the preceding speaker did. I am grateful for it.

Madam Speaker, I rise in support of the gentleman's statement and join him in this presentation.

Mr. KAZEN. Madam Speaker, I thank my distinguished colleague for his remarks.

Mr. BUCHANAN. Madam Speaker, will the gentleman yield?

Mr. KAZEN. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Madam Speaker, I, too, would like to commend the distinguished gentleman from Texas (Mr. KAZEN) for his leadership and for the eloquence of his remarks.

I would add to those remarks, as the gentleman has so well pointed out, that this study was based on data primarily taken from 1970 and before. This has been released by EPA in 1975, and everything that it reflects how things allegedly were before the Environmental Protection Agency came into being.

This agency must have the world's worst inferiority complex. If it would now, 5 years later, describe how things are in terms of how things were before it even came into existence, this must amount to a confession that they are not doing much good in the world.

Mr. KAZEN. Madam Speaker, I thank the gentleman for his observations.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. DOMINICK V. DANIELS) is recognized for 15 minutes.

[Mr. DOMINICK V. DANIELS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

[Mr. GONZALEZ addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

BAHAMA CONVENTIONS

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, the Ways and Means Committee is currently considering tax reform legislation. One of the loopholes which we may close is the section permitting tax deductions for the expenses of attending business conventions and meetings overseas.

Business conventions can be useful and educational, and can constitute a very legitimate business expense. Conventions overseas, however, often have a holiday atmosphere. They all too often become vacations subsidized by the Treasury and the rest of all the American taxpayers. In addition, those overseas conventions which have little or no need to meet overseas or with foreign businessmen drain dollars overseas and cause a loss of business activity here in the United States.

During the deliberations before the Ways and Means Committee, I raised the issue of tax deductible trips to tax haven countries which have established a sunny climate for Americans seeking to avoid American taxes.

Earlier this summer during the committee's considerations, I received a communication from the Embassy of the Commonwealth of the Bahamas urging that the deduction not be denied for conventions and meetings held in the islands. In an effort to obtain a better understanding of the need for Bahama conventions, I asked the Embassy how many conventions and what types of meetings were held in the Bahamas. Following is a letter from Ambassador L. B. Johnson providing a partial list of conventions and meetings held in the Bahamas in 1974. I want to stress that the tax code permits deductions for educational and business meetings; I am not saying that each of the following groups or each of the individuals attending these meetings qualified for or claimed a deduction.

I do not understand why the Indiana Optometric Association would feel the need to hold "necessary" business meetings in the Bahamas—especially since the Bahamas are not particularly noted for their medical facilities.

Why should the Treasury subsidize the extra expense of 800 members of the Home Builders Association of Georgia to meet in Nassau to discuss the serious plight of the American homebuilding industry. Nassau is not known to be a major oil producing nation; in fact, it produces no oil. Nevertheless, 150 members of the Oklahoma Oil Marketers Association met at the Paradise Island Hotel last December. What social or American business purpose is served by permitting tax deductions for such a meeting?

I appreciate the information which the Embassy has provided to me—but I still see no reason to continue this subsidy for winter vacations in the tax haven tropical Sun. Frankly, I think that the list of these conventions and meetings is additional proof of the need to close this loophole once and for all.

The letter follows:

EMBASSY OF THE COMMONWEALTH OF THE BAHAMAS,
Washington, D.C., August 20, 1975.

HON. CHARLES A. VANIK,
Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. VANIK: We thank you for your letter of July 30th in which you asked that we provide you with a list of Conventions which were held in The Bahamas in 1973 or 1974.

Due to the fact that neither The Bahamas

Government nor any of its agencies maintain a descriptive list of Conventions and/or group travels to The Bahamas we regret that we are unable to comply with your request.

We have, however, been able to obtain from our Tourist Office in The Bahamas a representative sample listing of Convention Oriented Travel for 1974 and take great pleasure in forwarding herewith the same to you.

Notwithstanding our inability to comply with your specific request it is our earnest hope that the sample listing being submitted herewith will serve to give you some indication of the nature and extent of group travel to The Bahamas generally.

Sincerely yours,

L. B. JOHNSON,
Ambassador.

DESCRIPTIVE SAMPLE LISTING

NASSAU/PARADISE ISLAND, CONVENTIONS AND MEETINGS 1974

Names	Origin	Size	Hotel	Dates
Penn Mutual Life Insurance Co	Philadelphia, Pa	170	E.B.H.	Jan. 20-23.
Hickney-Mitchell	St. Louis, Mo	24	N.B.H.	January.
National Association of Wiping Cloth Manufacturers	Baltimore, Md	350	P.I. Hotel	Do.
Retail Confectioners Association	Glenview, Ill		Flagler	Do.
Graco, Inc	Minneapolis, Minn	80	Ambassador	Do.
National Utility Contractors Association	Washington, D.C	200	P.I. Hotel	Jan. 7-14.
GEHL Co	West Bend, Wis		P.I. Hotel	February.
Puritan Sportswear	New York	130	N.B.H.	Do.
Teweles Seed Co	Muscatine, Iowa	700	N.B.H.	Do.
Country Life Insurance Co	Bloomington, Ill	200	N.B.H.	March.
Southern Conference U.S. Savings & Loan	Chicago		P.I. Hotel	Do.
Crown Life Insurance Co	Toronto	1,000		Apr. 21-24.
Orthodontic Alumni Society of Columbia University	New York		P.I. Hotel	April.
J.C. Penney—Hardlines Division	do	20	Ambassador	Apr. 21-26.
Canadian Premier Life Insurance	Winnepeg	150	Britannia	May 13-17.
Government Personnel Mutual Life Insurance Co	San Antonio, Tex	150	Ambassador	May.
Grand United Order of Oddfellows	Bristol, Pa	1,000	P.I./Flagler	Aug. 11-17.
Home Builders Association of Georgia	Macon, Ga	800	Ambassador	September.
Wittner & Co	Tampa, Fla	100	Britannia	Do.
N.Y. State Automobile Dealers, Inc	Albany, N.Y		P.I. Hotel	October.
Manitoba Bedding Co	Winnepeg, Canada	200	N.B.H.	Nov. 22-29.
Ralston Purina	St. Louis, Mo		P.I. Hotel	November.
Oklahoma Oil Marketers Association	Oklahoma City, Okla	150	P.I. Hotel	December.

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Lincoln National Life Insurance	New York	30	Xanadu Princess	June 3-6.
Peninsular Life Insurance Co	do	200	Bahamas Princess	June 8-12.
Blure Flome Counsil	Texas	125	Holiday Inn	June 9-13.
North Carolina Jobbers Association	North Carolina	100	Bahamas Princess	June 12-16.
Prudential Insurance Co	National	260	do	June 16-19.
Do	do	335	do	June 19-22.
Menley James Laboratories	do	124	Xanadu Princess	June 28-July 2.
Prudential Insurance Co	do	435	Bahamas Princess	June 23-26.
American Fidelity Insurance	Oklahoma	25	Xanadu Princess	June 26-29.
Love Cosmetics	Pennsylvania	130	do	June 28-July 2.
National Retail Grocers Association	Colorado and Wyoming	482	do	
Computers Dealers Association	do	50	Lucayan Beach	May 2-7.
Prudential Insurance Co	Nationwide	400	Bahamas Princess	May 1-4.
Indiana Optometric Association	do	250	Holiday Inn	May 1-5.
Prudential Insurance Co	do	800	Bahamas Princess	May 8-11
Do	do	800	do	May 5-8.
Louisiana State Medical Society	Louisiana	130	Xanadu Princess	May 8-12.
Purchasing Management Association	National	56	Holiday Inn	May 5-6.
League Services Corp. of New Britain	do	56	do	Do.
Monumental Life Insurance Co	do	410	Bahamas Princess	May 12-16.
Investors Fidelity Life	do	100	do	May 30-Aug. 2.
Waller Kay's Public School Teacher Group	Texas	23	Freeport Inn	Apr. 6-10.
Washington National Insurance	Washington, D.C	2,000	Bahamas Princess	Apr. 20-25.
Amenson Parts System	do	580	do	Apr. 25-28.
A.P.S. Inc	Texas	1,000	Bahamas Princess	Apr. 25-28.
Prudential Insurance Co	Nationwide	800	do	Apr. 28-May 1.
Ohio Hospital Association	Ohio	60	Xanadu Princess	Mar. 3-8.
CUNA Mutual Life Insurance		100	do	Mar. 8-17.
BanKers Life	Iowa	33	Xanadu Princess	Mar. 20-23.
Do	do	100	Lucayan Beach Hotel	Mar. 24-27.
Prudential Insurance Co	National	350	Bahamas Princess	Mar. 27-30.
Tufts Association of Orthodontists	do	150	Xanadu Princess	Mar. 31-Apr. 4.
General Contractors Association	do	140	Lucayan Beach	Jan. 19-26.
Ethyl Corp	do	85	Bahamas Princess	Jan. 13-16.
Christenson Cheverolet Group	do	16	Xanadu Princess	Jan. 19-24.
National Association of Conveniences Stores	do	150	do	Jan. 20-24.
Schaifer Brewing Co	New York	60	Bahamas Princess	Jan. 31-Feb. 4.
G.A.F. Corp	New Jersey	60	do	Feb. 10-13.
Acacia Mutual Life	Washington	125	Lucayan Beach	Feb. 10-14.
Bishop Food Company	New York	120	Grand Bahama Hotel	Feb. 22-Mar. 1.
S. S. Fritz Jr. Inc	Pennsylvania	360	Bahamas Princess	Feb. 24 and Apr. 17.
Do	do	200	do	Mar. 3 and Apr. 22.
Rocke Laboratories	New Jersey	300	do	Feb. 24-28.

H.R. 5397, AUTHORIZING RETIREMENT OF FEDERAL EMPLOYEES AFTER 30 YEARS OF SERVICE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. MINISH) is recognized for 5 minutes.

Mr. MINISH. Mr. Speaker, I rise to indicate my support of H.R. 5397, a bill to authorize the retirement of Federal employees after 30 years of service. This legislation is expected to receive final House consideration later in the week.

Under existing law, a Federal worker may retire voluntarily at age 55 with 30 years of service, at age 60 with 20 years of service, or at age 62 with 5 years of service.

The present law discriminates against employees who come into Federal service at an early age and it is out of line with the growing trend in both the public and private sectors toward early retirement.

H.R. 5397, which is strongly advocated by Federal employee organizations, would encourage talented young people to join the Federal service, and put the Federal Government in a better position for recruiting personnel.

The legislation also would make it economically feasible for workers with partial disability, or declining capacity or interest, to voluntarily retire from the Federal service. In consequence, the immediate increase to the Government for retirement benefits would be offset by improved efficiency.

Moreover, since 104,500 employees would immediately become eligible for retirement under the provisions of this bill, the legislation ultimately would have

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CORPORATE TAX STUDY, 1974

(Mr. VANIK asked and was given permission to extend his remark at this point in the RECORD and to include extraneous matter.)

Mr. VANIK. Mr. Speaker, I have requested recognition today in order to present to the Congress and the public my 4th annual corporate tax study on America's leading corporations. These computations, for tax year 1974, were prepared by expert congressional accountants from information that is entirely public.

The study obtained tax data on 142 of the 164 companies that we undertook to examine. Twenty-two companies either lost money or did not report their tax data in a manner that allowed congressional accountants to compute effective tax rates.

I want to stress that the figures are approximate figures and may reflect tendencies by companies to overstate or understate their tax statistics. It would not be unfair, however, to say that if anything, these figures and the computed effective tax rates are very kind to the corporations. The appendix to the study includes a more detailed explanation of the limitations of the data used to compute approximate incomes and approximate effective tax rates.

As I have found in each of the last three years, there are some companies that pay no federal income taxes at all or actually were able to receive refunds from the IRS through tax credits, carrybacks, or carryforwards. In 1974, there were eight companies in the study who were able to escape paying Federal corporate income taxes completely despite a total profit of $843,974,000.

Additionally, there were 18 companies who were able to pay an approximate effective U.S. income tax rate of 10 percent or less, or $270,430,000 in taxes on $5,322,683,000 in profits. We all should recall that the corporate income tax rate, with some exceptions, is a statutory 48 percent.

In the previous tax year, 1973, my study found that 10 corporations, with total profits of approximately $976,000,000 paid no taxes. Another 20 corporations, making $5,285,555,000 in profits, paid effective Federal income taxes at a rate less than 10 percent for a total of $226,894,000 in Federal income taxe .

Although fewer companies escaped paying Federal income taxes in 1974 and their profits were also down a small amount, it is very clear that the corporate sector is continuing to reduce its proportionate contribution to the support of the Federal Government. Congress must deal with the issue of shrinking corporate taxation over the long term.

Mr. Speaker, I must also stress that these corporations were able to completely avoid paying Federal income taxes or keep them to an absolute minimum without breaking any laws. They have instead taken very effective advantage of the numerous "incentives" and business sector "stimulants" that have come to be an established part of the United States Tax Code. Although some "tax relief" is available to individual taxpayers in the form of personal deductions—and tax rebates and reductions from the Tax Reduction Act of 1975—it is miniscule when compared to the opportunities that America's corporations have to reduce their taxes.

These corporations do pay, just as the individual taxpayer, other, non-income-related taxes. These other taxes can include ales taxes, excise taxes, State, city or local taxes, franchise taxes, taxes to foreign governments, et cetera. Although companies included in my previous tax studies have been quick to claim that measuring only Federal income taxes is unfair or misleading, we all should keep in mind that individuals also pay more than just simple Federal income taxes. As a Member of Congress, my legislative jurisdiction extend only to Federal taxes, and an examination of effective Federal income taxes is essential in assessing the Federal Tax Code and its effects.

The figures on 1974's corporate tax rates continue to show that for large corporations, the 48-percent corporate tax rate is usually fiction—corporations are able to avoid to a large extent the statutory corporate tax level. The average effective Federal income tax rate for all companies in the study was only 22.6 percent, not even half of the 48-percent corporate rate.

The figures on corporations paying no Federal income taxes and those paying at a rate of less than 10 percent follow:

TABLE 1.—CORPORATIONS PAYING NO FEDERAL INCOME TAXES, 1974

Company	Approximate adjusted net income before Federal income tax (thousands)	Approximate 1974 Federal income tax (thousands)[1]	Approximate 1974 effective tax rate (percent)
Ford Motor Co.	$351,900	($56,700)	0
Lockheed Aircraft Corp.	29,800	0	0
Honeywell	98,881	(2,218)	0
U.S. Industries, Inc.	17,920	(2,828)	0
American Airlines	26,769	0	0
Eastern Airlines	17,617	0	0
American Electric Power Co.	163,749	(19,297)	0
Allstate Insurance Co. (consolidated and subsidiary)	137,338	(16,810)	0
Total	843,974		

[1] Figures in parentheses equal credits, carry forwards, carry backs.

TABLE 2.—CORPORATIONS PAYING 10 PERCENT OR LESS IN FEDERAL INCOME TAXES, 1974

Company	Approximate adjusted net income before Federal income tax (thousands)	Approximate 1974 Federal income tax (thousands)	Approximate 1974 effective tax rate (percent)
Consolidated Edison of New York, Inc.	$225,325	$100	(1)
The LTV Corp.	169,718	1,400	(1)
Occidental Petroleum Corp.	307,450	5,000	1.6
The Chase Manhattan Corp.	171,206	4,973	2.9
Texaco, Inc.	1,383,671	45,400	3.3
Continental-Illinois Corp.	129,413	5,280	4.1
Bankers Trust New York Corp.	63,382	3,028	4.8
Northwest Airlines, Inc.	95,568	4,993	5.2
Mobil Oil Corp.	1,107,089	58,500	5.3
Texasgulf	168,942	10,300	6.1
Pennzoil Co.	178,806	12,610	7.1
American Metal Climax, Inc.	167,270	11,970	7.2
American Motors Corp.	34,789	2,767	8.0
UAL, Inc.	213,314	18,216	8.5
Delta Airlines, Inc.	159,297	13,763	8.6
McDonnell Douglas Corp.	171,188	14,653	8.6
Bank America Corp.	301,540	30,000	9.9
Commonwealth Edison Co.	273,715	27,479	10.0
Total	5,322,683	270,430	

[1] Less than 1 percent.

Despite this deplorable level of corporate nontaxpayment, business lobbies and the administration are pushing hard for new and additional tax breaks in their drive to enhance capital formation. But if U.S. corporations are already paying little or nothing in Federal income taxes, it makes no sense to give them tax relief in an effort to stimulate investment capital.

Table A shows the size of the corporate study's sample for each of the last 4 years. Because new companies displaced some of the previous Fortune magazine top 100 corporations, samples do not include exactly the same representatives. They do remain generally comparable; while the total 1973 study includes 160 companies, tax year 1974's study includes 164.

Table B compares the approximate incomes and approximate effective Federal income taxes for each of five categories of American industry. The overall sample's effective Federal income tax rate is 22.6 percent, slightly lower than the rate reported in my 1973 study. Each segment of American industry is paying significantly less than the statutory 48-percent corporate Federal income tax rate.

Utilities were able to reduce their already small 1973 tax rate by almost 4 percentage points, from 18 to 14.1 percent. Consequently, utilities stand to gain very little from the administration's tax relief proposals. With close to one-fourth of the utility industry already not paying Federal income taxes, tax relief is like carrying coals to Newcastle. Furthermore, the 1975 amendments to the tax code increasing the investment credit from 4 to 10 percent for utilities will substantially eliminate utilities from the rolls of Federal income taxpayers.

Table C, largely for reference, shows tax rate comparisons for previous corporate tax studies. Because of changes in 1974's sample, comparison continuity is no longer fully possible.

Table D shows the major sources of the Federal revenue dollar as calculated from figures in the Office of Management and Budget's Budget Brief. Although revenue from individual income taxes declined in 1974, corporate income tax revenue also went down, meaning that some area of noncorporate taxpayer must make up the difference. This is a point, Mr. Speaker, that I want to stress. For every revenue dollar lost to incentives or tax stimulants or just plain tax loopholes, the American public reaches into their pocket for another dollar to replace it.

Capital formation advocates, for instance, have so far not made any mention of where they expect the billions needed for capital formation to come from—unless it is to come from some kind of negative income tax for needy corporations.

TABLE A.—SIZE OF SAMPLE 1972, 1973, AND 1974

Category	1974		1973		1972	
	Examined	Profitable and data available	Examined	Profitable and data available	Examined	Profitable and data available
"Fortune Magazine Top 100" industries	110	96	100	93	100	61
Transportation	20	17	20	16	20	13
Utilities	10	9	10	10	10	8
Retailing	7	6	7	7	7	5
Commercial banks	9	8	9	8	9	3
Mining companies	8	6	8	8	0	0
Grain companies	0		6	1	0	0

TABLE B

Category	Sample		Adjusted net income before Federal income tax (thousands)		Approximate current Federal income tax (thousands)		Approximate Federal income tax (percent)	
	1973	1974	1973	1974	1973	1974	1973	1974
Industrials and mining	101	102	34,997,898	34,431,484	8,695,788	8,525,797	24.8	24.8
Transportation	16	17	1,382,982	1,842,776	209,002	300,098	15.1	16.3
Utilities	10	9	6,418,247	6,842,122	1,158,325	966,133	18.0	14.1
Retailing	7	6	1,668,715	1,229,683	559,197	405,365	33.5	33.0
Commercial banks	8	8	1,124,190	1,489,490	108,214	174,279	9.6	11.7
Grain companies	1	0	73,789		24,646		33.4	
Total			45,665,821	45,835,555	10,755,172	10,371,672	23.6	22.6

TABLE C.—DECLINE IN CORPORATE TAX RATE BETWEEN 1972 AND 1973 BETWEEN COMPARABLE COMPANIES

[Dollar amounts in millions]

Category	Sample	Adjusted net income before Federal income tax		Approximate current Federal income tax		Approximate Federal income tax (percent)	
		1972	1973	1972	1973	1972	1973
Industrials	57	$18,831	$24,190	$5,518	$6,547	29.3	27.1
Transportation	12	857	1,217	110	163	12.8	13.4
Utilities	6	5,150	6,107	1,880	1,098	36.5	18.0
Retailing	5	1,370	1,520	569	515	41.5	33.9
Commercial banks	3	520	602	75	68	14.4	11.3
Total	82	26,728	33,636	8,152	8,391	30.5	24.9

TABLE D.—FEDERAL BUDGET RECEIPTS BY MAJOR SOURCE

[Burden of supporting the Federal Government has increasingly shifted to the individual taxpayer—individuals frequently pay a higher rate of tax than the profitable corporations for whom they work; in percent distribution]

Major source	1967	1968	1969	1970	1971	1972	1973	1974	1975 estimate
Total receipts, by source	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Individual income taxes	41.1	44.7	46.5	46.7	45.8	45.4	44.4	44.9	43.6
Corporation income taxes	22.7	18.7	19.5	16.9	14.2	15.4	15.7	14.6	14.5
Social insurance taxes and contributions	22.3	22.5	21.3	23.4	25.8	25.8	30.5	31.67	30.8
Excise taxes	9.2	9.2	8.1	8.1	8.8	7.4	4.2	3.7	5.9
Customs, estate, and gift taxes	3.3	3.3	3.1	3.1	3.4	4.2	3.5	3.2	2.9
Miscellaneous receipts	1.4	1.6	1.5	1.8	2.0	1.7	1.7	2.0	2.4

PAYMENTS TO FOREIGN GOVERNMENTS LISTED

I would like to point out that this year, for the first time, the data I am presenting includes both U.S. corporate taxes and total U.S. and foreign tax payments. In the past, the Chamber of Commerce has criticized my studies for failing to mention the burden placed on American businesses by payments to foreign governments.

As a U.S. legislator, I have been primarily concerned with the Federal Tax Code. I have viewed overseas business taxes as a cost of doing business abroad—a cost which the corporations incurred because they found that certain overseas operations were profitable. Indeed, I believe that there are major portions of the Federal Tax Code which encourage U.S. businesses to invest overseas—to the detriment of employment and capital here in the United States—and that these provisions should be amended to encourage investment at home rather than abroad.

I have not changed my views on this matter, but I am providing in this study data on payments to foreign governments.

However, in the case of the American oil companies, I refuse to dignify their payments to foreign governments as taxes—those payments are primarily royalties—a cost of doing business that should not be treated as tax credits but as business deductions.

In the consideration of use of effective worldwide tax rates in addition to the effective U.S. income tax rates, Dr. Laurence Woodworth, Chief of Staff of the Joint Committee on Taxation, made these comments in a letter to me:

I would agree with you that computing the effective tax rate in this manner [including all foreign taxes in computation of approximate effective tax rates] tends to overstate the tax burden of international oil companies because of the tendency of foreign countries in cases of this type to convert royalty payments into tax payments. Probably the best way to avoid this result would be to determine the effective tax rate by dividing the United States tax by the United States income. Unfortunately, in the SEC data, the U.S. income is not distinguished from the worldwide income. This has frustrated all attempts on our part to relate the U.S. tax to the U.S. income. The only other option available is to show the U.S. tax as a percent of worldwide income. This, it seems to me, is defective in that it omits the foreign taxes on the foreign income to the extent these taxes are allowed as credits against U.S. tax on worldwide income. The result is an understatement of the total effective tax when it is computed in this manner.

SIGNIFICANCE OF FINDINGS

Mr. Speaker, as in each of my previous corporate tax studies, the 1974 compilations reveal several important things.

First, by listing payment to foreign governments, the study reveals the pervasive involvement of America's giant corporations in overseas operations. The giant corporations are no longer U.S. corporations—they are worldwide organizations, possibly beyond the control or supervision of any single government or other public agency. Public policy decisions about the regulations of giant corporations must understand that many of these organizations are world empires, often with resources larger than the countries in which they operate.

The extent of foreign involvement can be seen by the fact that the 110 industrial corporations paid $13,923,027,000 to foreign governments and only $8,383,652,000 to the U.S. Treasury in corporate income taxes. Even the major U.S. banks are no longer really "American"—they paid $385,633,000,000 to foreign governments but only $174,279,000 to the United States in corporate income taxes.

The tax code should be altered to deemphasize large conglomerates in favor of smaller businesses which are currently unable to take effective advantage of the myriad of tax incentives. Encouraging small business will also have the indirect effect of promoting competition and discouraging monopolistic situations.

Second, oil companies continue to pay almost no Federal income taxes despite large profits. A committee print of the Joint Committee on Internal Revenue Taxation entitled, "Taxation of Foreign Source Income, Statistical Data," and issued September 30, 1975, indicates that no net U.S. tax on foreign source income was paid by the petroleum industry in 1974. While the oil companies' worldwide effective tax rates appear high, this is misleading, since oil companies are allowed to treat foreign oil royalties as a foreign "tax" and thus qualify for the foreign tax credit. It is particularly important that oil tax reform be considered given our domestic crude shortages and the need to develop a complete energy policy.

Third, banks continue to be a powerful and growing force in our country through their diversification into nontraditional bank investment, particularly leasing. The tendency for large banks to expand into multinational operations should be examined by the Congress.

Fourth, utilities continue to pay little if any Federal income taxes and thus plans by the administration to aid them through additional tax relief measures will have little effect. Since utilities are regulated monopolies and assured a fair rate of return through their governing public utility commissions, Federal subsidization through the tax code is a highly debatable question.

Fifth, accounting techniques continue to make exact determination of corporate tax levels extremely difficult. Congress should require uniformity in corporate accounting methods and perhaps consider legislation to require full and complete public disclosure of corporate tax returns.

Sixth, Congress must provide a national transportation tax policy. Railroads, poor profitmakers, paid much higher taxes than did the airlines—who are already benefactors of a wide range of Federal support and subsidization.

Seventh, "capital formation" proposals must be carefully considered, given the tendency for major American corporations to substantially sidestep or avoid U.S. Federal income taxes.

Following is the data for tax year 1974, with footnotes appearing after the figures. To facilitate comparability and provide a historical record, the tax data obtained in the previous 3 years follows after the 1974 data and footnotes. The footnotes for the previous years' studies are also included. The numbering of these footnotes is somewhat complex, but hopefully will prove useful. Following all of the tables is an appendix which describes the enormous accounting problems involved in calculating these approximate Federal corporate income tax rates:

APPROXIMATE EFFECTIVE TAX RATES PAID BY SELECTED LARGE CORPORATIONS

Corporation	1974						
	Approximate adjusted net income before Federal and foreign income tax[1] (thousands)	Approximate current Federal and foreign income tax (thousands)	Approximate adjusted ne income before Federal income tax[2] (thousands)	Approximate taxes paid to foreign governments[***] (thousands)	Approximate current Federal income tax (thousands)	Approximate effective worldwide tax rate (percent)	Approximate U.S. effective tax rate on worldwide income (percent)*
INDUSTRIAL CORPORATION LIST							
General Motors Corp	1,493,391	399,130	1,366,294	126,916	272,214	26.7	19.9
Exxon Corp						(4)	(4)
Ford Motor Co	534,200	101,400	351,900	351,100	(56,700)	49.0	
General Electric Co	928,900	336,600	858,600	74,500	262,100	36.2	30.5
International Business Machines Corp	3,434,659	1,687,044	2,668,039	791,200	895,844	49.1	33.6
Mobil Oil Corp	3,718,412	2,526,265	1,107,099	2,467,765	58,500	**68.0	5.3
Chrysler Corp						(5)	(5)
International Telephone & Telegraph Corp	655,906	304,169	353,344	246,301	57,868	46.4	16.4
Texaco, Inc	2,627,283	1,231,900	1,383,671	1,186,500	45,400	**46.9	3.3
Western Electric Co., Inc	579,754	195,835	579,754	0	195,835	[3] 33.8	[3] 33.8
Standard Oil Co. of California	966,822	720,300	318,622	640,500	79,800	**74.5	25.0
The LTV Corp	170,118	1,800	169,718	400	1,400	1.1	(6)
Standard Oil Co. of Indiana	1,677,309	720,336	1,198,193	410,857	309,479	**43.0	25.8
The Boeing Co	102,432	22,100	102,432	0	22,100	21.6	21.6
E. I. duPont de Nemours & Co	660,300	224,900	607,700	41,300	183,600	34.1	30.2
Shell Oil Co						(4)	(4)
General Telephone & Electronics Corp						(4)	(4)
RCA Corp	190,300	40,200	168,100	16,900	23,300	21.1	13.9
Goodyear Tire & Rubber	289,201	94,841	215,453	61,425	33,416	32.8	15.5
Esmark, Inc. (Swift & Co.)	63,488	28,400	54,588	6,300	22,100	44.7	40.5
Union Carbide Corp	892,400	328,300	692,500	183,100	145,200	36.8	21.0
Procter & Gamble Corp	590,979	248,535	515,817	66,271	182,264	42.1	35.3
Bethlehem Steel Corp	584,216	230,000	562,216	22,000	208,000	39.4	37.0
Eastman Kodak Co	1,101,769	452,550	970,919	122,150	330,400	41.1	34.0
Kraftco Corp	169,294	67,809	150,680	18,614	49,195	40.1	32.6
Greyhound Corp	86,928	34,885	86,928	0	34,885	40.1	40.1
Atlantic Richfield Co	919,736	434,095	539,055	377,455	56,640	**47.2	10.5
Continental Oil Co	914,389	558,301	420,785	496,162	62,139	**61.1	14.8
International Harvester Co	178,308	91,942	117,115	59,172	32,770	51.6	28.0
Lockheed Aircraft Corp	34,900	5,100	29,800	5,100		14.6	
Tenneco, Inc	564,079	153,783	534,663	28,924	124,859	27.3	23.4
Rockwell International Corp. (North American Rockwell)	230,000	77,800	209,500	17,300	60,500	33.8	28.9
Litton Industries, Inc						(7)	(7)
United Aircraft Corp	198,641	82,139	196,579	1,272	80,867	41.4	41.1
Firestone Tire & Rubber Co	271,947	100,353	225,126	45,132	55,221	33.9	24.5
Phillips Petroleum Co	711,938	328,022	506,091	200,469	127,553	**46.1	25.2
Occidental Petroleum Corp	785,808	483,887	307,450	478,887	5,000	**61.6	1.6
General Dynamics Corp	87,979	32,030	77,222	6,441	25,589	36.4	33.1
Caterpillar Tractor Co	339,800	134,000	312,700	29,800	104,200	39.4	33.3
The Singer Co						(7)	(7)
McDonnel Douglas Corp	172,499	15,028	171,188	375	14,653	8.7	9.1
General Foods						(4)	(4)
Continental Can Co., Inc	208,986	72,418	182,345	10,298	61,490	34.7	33.7
Monsanto Co	543,500	209,206	487,200	50,500	158,700	38.5	32.6
Sun Oil Co	748,304	352,600	487,128	255,196	97,404	**47.1	20.0
Honeywell	102,247	8,460	98,881	10,678	(2,218)	8.3	
W. R. Grace & Co	246,893	106,789	170,307	65,983	40,806	43.3	24.0
Dow Chemical Co	984,764	452,700	797,964	179,500	273,200	46.0	34.2
International Paper Co	427,300	178,700	373,600	49,500	129,200	41.8	34.6
American Can Co	166,606	68,907	151,761	14,845	54,062	41.4	35.6
Borden, Inc	151,708	59,900	140,508	8,500	51,400	39.5	36.6
Rapid American Corp						(5)	(5)
Burlington Industries, Inc	168,659	75,459	162,767	5,392	70,067	44.7	43.0
Union Oil Co. of California	465,126	219,000	321,526	136,900	82,100	**47.1	25.5
R. J. Reynolds Industries, Inc	750,965	422,358	527,068	230,187	192,171	56.3	36.5
Sperry Rand Corp						(5)	(5)
Xerox Corp	698,314	276,340	495,353	172,793	103,547	39.6	20.9
Boise Cascade Corp	161,611	62,807	145,379	11,055	51,752	38.9	35.5
Cities Service Co	282,167	88,500	271,367	10,800	77,700	31.4	28.6
Minnesota Mining & Manufacturing Co	539,368	223,500	452,368	87,000	136,500	41.4	30.2
Consolidated Foods Corp	123,985	46,922	110,018	12,875	34,047	37.8	30.9
Gulf Western Industries, Inc	109,344	63,300	57,544	51,800	11,500	57.9	20.0
Textron, Inc	175,670	59,094	167,668	5,602	53,492	33.6	31.9
American Standard, Inc	73,669	26,570	58,646	16,386	10,184	36.1	17.4
Signal Companies, Inc	290,365	106,614	277,672	12,693	93,921	36.7	33.8
Ashland Oil, Inc	159,929	44,200	137,325	13,860	30,430	**27.6	22.1
Occas-Illinois, Inc	125,014	41,495	104,739	24,275	17,220	32.2	16.4
United Brands Co						(5)	(5)
CPC International, Inc	186,770	76,733	138,502	42,418	34,315	41.1	24.8
Standard Oil Co. of Ohio	190,045	45,818	161,757	28,288	17,530	**24.1	10.8
Republic Steel Corp	278,131	107,276	277,591	540	106,736	38.6	38.5
Champion International Corp	142,355	35,264	123,662	11,139	24,125	24.8	19.5
FMC Corp	76,201	16,669	70,829	5,372	11,297	21.9	15.9
American Home Products Corp	439,167	181,700	380,529	58,638	123,062	41.4	32.3
The Coca-Cola Co	356,485	152,624	241,487	112,569	40,055	42.8	16.6
TRW, Inc	177,105	66,055	149,656	22,919	43,136	37.3	28.8
Armco Steel Corp	344,529	122,243	309,358	35,171	87,072	35.5	28.1
Beatrice Foods Co	250,336	110,778	223,916	24,868	85,910	44.3	38.4
Ralston Purina Co	164,391	67,300	151,991	12,400	54,900	40.9	36.1
Uniroyal, Inc	80,746	27,892	61,912	18,495	9,397	34.5	15.2
Aluminum Co. of America	286,425	107,114	254,130	30,754	76,360	37.4	30.0
American Brands, Inc	277,452	128,845	235,310	37,736	91,109	46.4	38.7
The Bendix Corp	144,200	63,000	119,200	21,000	42,000	43.7	35.2
National Cash Register Co						(4)	(4)
Raytheon Manufacturing Co	103,680	39,929	101,160	2,720	37,209	38.4	36.8
Warner-Lambert Co	260,873	101,393	198,221	62,652	38,741	38.9	19.5
Genesco, Inc	30,583	17,798	26,860	3,723	14,075	58.2	52.4
Allied Chemical Corp	222,887	54,973	206,878	17,164	37,809	24.7	18.3
National Steel Corp	311,595	129,150	311,595	0	129,150	41.4	41.4
Weyerhaeuser Co	405,197	138,145	382,617	24,645	113,500	34.1	29.7
U.S. Industries, Inc	25,320	4,572	17,920	7,400	(2,828)	18.1	
Getty Oil Co	592,755	279,024	383,282	209,473	69,551	**47.1	18.1
Teledyne, Inc	122,816	48,000	118,316	4,500	43,500	39.1	36.8
Colgate-Palmolive Co						(5)	(5)
B. F. Goodrich Co						(4)	(4)
Georgia Pacific	252,850	58,500	252,850	0	58,500	23.1	23.1
Whirlpool Corp	36,208	13,101	36,208	0	13,101	36.2	36.2
Gulf Oil Corp	4,047,000	2,831,000	1,358,000	2,641,000	190,000	**70.0	14.0
United States Steel Corp	1,081,700	351,000	934,500	79,700	271,300	34.6	29.0

APPROXIMATE EFFECTIVE TAX RATES PAID BY SELECTED LARGE CORPORATIONS

Corporation	1974						
	Approximate adjusted net income before Federal and foreign income tax [1] (thousands)	Approximate current Federal and foreign income tax (thousands)	Approximate adjusted net income before Federal income tax [2] thousands)	Approximate taxes paid to foreign governments*** (thousands)	Approximate current Federal income tax (thousands)	Approximate effective worldwide tax rate (percent)	Approximate U.S. effective tax rate on worldwide income (percent)*
Westinghouse Electric Corp	235,777	98,495	203,834	29,451	69,044	41.8	33.9
Amerada Hess	421,914	217,038	254,994	150,594	66,444	**51.4	26.1
Marathon Oil	474,209	310,616	207,793	266,416	44,200	**65.5	21.3
Phillip Morris Co	260,340	96,310	247,744	17,036	79,274	37.0	32.0
John Deere & Co	254,822	71,400	238,522	16,300	55,100	28.0	23.1
Inland Steel	257,712	98,819	251,543	5,744	93,075	38.3	37.0
Pepsico, Inc. (Pepsi Cola Co.)	145,883	51,285	125,850	20,033	31,252	35.2	24.8
American Motors Corp	42,439	10,150	34,789	7,383	2,767	23.9	8.0
General Mills						[3]	[3]
Reynolds Metals	161,015	43,445	146,225	12,494	30,951	27.0	21.2
Johnson & Johnson	280,668	111,778	217,474	57,367	54,411	39.8	25.0
TRANSPORTATION CORPORATION LIST							
Airline corporations:							
UAL, Inc	215,772	18,949	213,314	733	18,216	8.8	8.5
Trans World Airlines, Inc						[4]	[4]
American Airlines, Inc	26,769		26,769	0			
Pan Am World Airways, Inc						[4]	[4]
Eastern Air Lines, Inc	17,617		17,617	0			
Delta Air Lines, Inc	159,297	13,763	159,297	0	13,763	8.6	8.6
Northwest Airlines, Inc	94,411	5,846	95,558	853	4,993	6.1	5.2
Railroads:							
Penn Central Co						[5]	[5]
Southern Pacific Co	160,830	22,160	160,830	0	22,160	13.8	13.8
Norfolk & Western Railway Co	171,900	28,609	171,900	0	28,609	16.6	16.6
Burlington Northern, Inc	101,443	16,888	101,443	0	16,888	16.6	16.6
Chessie System, Inc. (C. & O. Ry. Co.)	165,129	34,377	160,219	2,455	31,922	20.8	19.9
Union Pacific Corp. (Union Pacific RR. Co.)	178,763	42,477	178,763	0	42,477	23.8	23.8
Santa Fe Industries, Inc	168,951	24,500	168,951	0	24,500	14.5	14.5
Southern Ry. Co	137,834	20,405	137,834	0	20,405	14.8	14.8
Missouri Pacific RR Co	72,694	13,609	72,694	0	13,609	18.7	18.7
Trucking Companies:							
Consolidated Freightways, Inc	47,076	17,574	43,897	2,784	14,790	37.3	33.7
Leasaway Transportation Corp	28,741	6,166	28,741	0	6,166	21.5	21.5
Roadway Express, Inc	60,313	25,882	60,313	0	25,882	42.9	42.9
Yellow Freight System, Inc	44,636	15,718	44,636	0	15,718	35.2	35.2
UTILITY CORPORATION LIST							
American Telephone & Telegraph Co	5,053,198	678,407	5,053,198	0	678,407	[10] 13.4	[10] 13.4
Consolidated Edison Co. of New York, Inc	225,325	100	225,325	0	100	[6]	[6]
Pacific Gas & Electric Co	293,538	34,995	293,538	0	34,995	11.9	11.9
Commonwealth Edison Co	273,715	27,479	273,715	0	27,479	10.0	10.0
American Electric Power Co	163,749	(19,297)	163,749	0	(19,297)		
Southern California Edison Co	328,154	113,806	328,154	0	113,806	34.7	34.7
Columbia Gas System, Inc						[7]	[7]
El Paso Natural Gas Co	173,037	56,318	173,037	0	56,318	32.5	32.5
Texas Eastern Transmission	158,551	50,369	152,600	5,951	44,418	31.8	29.1
Pennzoil Co	178,806	12,610	178,806	0	12,610	7.1	7.1
RETAILING CORPORATION LIST							
Sears, Roebuck & Co	596,498	201,000	596,498	0	201,000	33.7	33.7
Allstate Insurance Co., consolidated and subsidiary	137,338	(16,810)	137,338	0	(16,810)		
Great Atlantic & Pacific Tea Co., Inc						[8]	[8]
Safeway Stores, Inc	87,223	57,003	60,205	27,018	29,985	69.4	49.8
J. C. Penney Co., Inc	146,475	59,800	146,475	0	59,800	40.8	40.8
The Kroger Co	72,268	23,225	72,268	0	23,225	32.1	32.1
Federated Department Stores, Inc	216,899	91,355	216,899	0	91,355	42.1	42.1
COMMERCIAL BANKING LIST							
Bank America Corp	365,540	94,000	301,540	64,000	30,000	25.7	9.9
First National City Corp. (Citicorp)	512,295	209,401	351,295	161,000	48,401	40.9	13.9
The Chase Manhattan Corp	235,487	66,683	171,206	61,710	4,973	28.3	2.9
Manufacturers Hanover Corp	201,750	42,617	174,324	18,376	24,241	21.1	13.9
J. P. Morgan & Co., Inc	250,535	74,946	213,415	37,236	37,710	29.9	17.7
Western Bank Corp						[9]	[9]
Chemical New York Corp	97,046	33,021	84,915	12,373	20,648	34.0	24.3
Bankers Trust New York Corp	84,002	15,562	63,382	12,536	3,026	18.5	4.8
Continental-Illinois Cor	145,971	23,682	129,413	18,402	5,280	16.2	4.1
MINING CORPORATION LIST							
Anaconda Co						[5]	[5]
Kennecot Copper Corp	331,750	73,750	235,600	31,300	42,450	22.2	14.4
American Metal Climax, Inc. (American Climax)	187,730	22,220	167,270	10,250	11,970	11.8	7.2
International Minerals and Chemicals						[9]	[9]
Phelps-Dodge	142,378	28,300	140,678	1,700	26,600	19.9	18.9
St. Joseph Minerals, Inc	135,543	37,851	133,245		38,527	27.9	28.9
Freeport Minerals Co	58,769	12,298	58,769	0	12,298	20.9	20.9
Texasgulf, Inc. (Texas Gulf Sulfur)	269,342	86,780	169,942	76,400	10,300	32.2	6.1

FOOTNOTES

*This does not include foreign taxes on this income. Therefore, this is not the total income tax burden on this income. U.S. tax as a percentage of U.S. income is not available from public information sources.

**This includes payments to foreign governments more properly classified as royalty payments and thus overstates tax burden.

***This may include fees to foreign governments more properly defined as royalties or other payments. In addition, the foreign governments may not actually receive this amount.

NOTE.—This study is based entirely on information from public sources including Form 10-K reports, registration statements and prospectuses filed with the Securities and Exchange Commission as well as annual reports to shareholders.

[1] The adjusted net income before Federal and foreign income tax reported to shareholders is comprised of net income or loss from financial statements with appropriate adjustments made for Federal and foreign income tax expense or refund, income or loss attributable to minority interests, and income or loss from investments in affiliated companies whenever the equity method of accounting was used.

[2] The adjusted net income before Federal income tax reported to shareholders is comprised of net income or loss from financial statements with appropriate adjustments made for Federal income tax expense or refund, income or loss attributable to minority interests, and income or loss from investments in affiliated companies whenever the equity method of accounting was used.

[3] The income of Western Electric Company,

Footnotes continued on following page.

incorporated, is included in the consolidated tax return of American Telephone and Telegraph Company. However, this is essentially the same approximate tax which would have been reflected had a separate return been filed.

[A] The minority interest and/or the income or loss reported under the equity method was not separately disclosed. Data for this company, therefore, has been omitted.

[B] Due to losses, the data for this company has been omitted.

[C] Less than one percent approximate effective tax rate.

[D] The provision for income taxes may contain State and/or local and/or foreign in addition to Federal income taxes. Data for this company, therefore, has been omitted.

[E] Data for this company was not available.

[F] Due to expropriation losses and loss carryforward, data for this company was omitted.

[G] Because the wholly owned subsidiary Western Electric Company, Inc. is accounted for under the equity method, the income and current Federal income tax for Western Electric Company, Inc., is not included here even though a consolidated tax return is filed.

APPROXIMATE EFFECTIVE FEDERAL INCOME TAX RATE PAID BY COMPANIES SELECTED FROM FORTUNE MAGAZINE LISTS OF LARGE CORPORATIONS

[Dollar amounts in thousands]

Corporation	1973			1972			1971 effective tax rate (percent)	1970 effective tax rate (percent)
	Adjusted net income before Federal income tax [1]	Approximate current Federal income tax	Effective tax rate (percent)	Adjusted net income before Federal income tax [A]	Approximate current Federal income tax	Effective tax rate (percent)		
INDUSTRIAL CORPORATION LIST								
General Motors Corp.	3,907,300	1,750,000	44.8	3,579,773	1,595,392	44.6	[B] 48.2	[B] 24.6
Exxon Corp.	2,982,000	333,000	11.2		[2]		[D]	[D]
Ford Motor Co.	1,216,000	221,800	18.2		[3]		[F] 35.2	[K] 41.6
General Electric Co.	885,800	321,200	36.3	798,400	315,300	39.5	[F] 35.4	39.2
International Business Machines Corp.	2,238,467	690,900	30.9	1,842,268	562,580	30.5	[D] 30.1	[D]
Mobil Oil Corp.	873,027	43,500	5.0	589,413	17,380	2.9	[F] 14.5	16.8
Chrysler Corp.	353,700	26,400	7.5	303,900	112,900	37.2	[G] 13.9	[G]
International Telephone & Telegraph Corp.	469,966	47,397	10.1	376,383	3,686	1.0	[H] 4.9	[H] 4.2
Texaco Inc.	1,317,300	30,000	2.3	869,711	23,600	2.7	[B] 3.2	[B] 8.0
Western Electric Co. Inc.	587,000	243,024	[I] 41.4	537,980	[4] 217,649	40.5	[I] 43.9	[I] 45.3
Standard Oil Co. of California	475,000	53,900	11.3	334,207	19,400	5.8	[F] 4.9	16.0
The LTV Corp.	65,171	800	1.2	18,579	1,300	7.0		
Standard Oil Co. (Indiana)	666,070	165,642	24.9	390,096	74,682	19.1	15.0	13.4
The Boeing Co.	57,800	30,100	[J] 52.1	24,805	10,000	40.3	[J F]	[I] 95.9
E. I. du Pont de Nemours & Co.	921,200	344,500	37.4	693,300	290,000	41.8	42.2	43.1
Shell Oil Co.	444,021	112,680	25.4		[5]		[J F]	11.2
General Telephone & Electronics Corp.	616,400	65,100	10.6		[6]		[J F]	[D] 41.2
RCA Corp.	393,200	100,600	33.2	257,525	91,937	35.7	[D]	[D]
The Goodyear Tire & Rubber Co.	270,991	38,002	14.0		[7]		[B] 24.5	[B] 21.2
Tenneco, Inc.	285,487	46,797	16.4	246,753	34,287	13.9	[F] 17.8	12.8
Rockwell International Corp. (North American Rockwell Corp.)	219,724	83,434	38.0		[8]		[D] 47.4	[D] 45.6
Litton Industries, Inc.	54,967	17,257	31.4		[9]		[B] 22.5	[B] 29.5
United Aircraft Corp.	102,299	49,476	48.4		[10]		[G]	[G] 20.2
Firestone Tire & Rubber Co.	243,897	63,312	26.0		[34]		[D] 43.1	[D] 39.5
Phillips Petroleum Co.	231,027	42,830	18.5	164,650	39,221	23.8	14.3	25.8
Occidental Petroleum Corp.	80,503	1,425	1.8		[11]		[B]	[B] 1.4
General Dynamics Corp.	64,953	16,965	26.1		[12]		[F]	
Caterpillar Tractor Co.	340,500	107,600	31.6	312,339	100,672	32.2	[B] 35.7	[B] 41.7
The Singer Co.	84,000	20,500	24.4	110,200	37,500	34.0	15.4	19.0
McDonnell Douglas Corp.	200,245	6,506	3.2		[13]		[D J]	
Esmark, Inc. (Swift & Co.)	76,100	24,300	31.9	55,575	14,200	25.6	[F] 25.7	[B] 11.7
Union Carbide Corp.	441,800	104,400	23.6	320,900	67,100	20.9	18.6	20.6
Procter & Gamble Co.	491,900	166,100	33.8	452,328	166,724	36.9	38.7	44.0
Bethlehem Steel Corp.	325,200	98,000	30.1	183,364	15,000	8.2	[F] 15.4	[B]
Eastman Kodak Co.	1,024,400	370,300	36.1	885,650	342,500	38.7	[F] 39.1	39.7
Xerox Corp.	167,700	62,200	37.1		[33]		41.5	44.4
The Greyhound Corp.	118,271	45,088	38.1	87,839	36,114	41.1	[F] 38.8	19.2
Atlantic Richfield Co.	313,276	36,276	11.6	211,901	16,141	7.6	[F] 2.7	5.0
Continental Oil Co.	287,804	28,626	9.9	207,445	12,371	6.0	[B]	[B] 5.3
International Harvester Co.	78,328	36		77,037	14,043	18.2	35.1	26.1
Lockheed Aircraft Corp.			[14]		[2]			
General Foods	196,979	67,056	34.0		[14]		42.1	45.8
Continental Can Co., Inc.	134,633	33,250	24.7		[11]		[F]	[B] 40.1
Monsanto Co.	350,200	130,600	37.3	184,289	65,991	35.8	[F] 40.1	9.3
Sun Oil Co.	288,181	34,860	12.1	182,291	9,044	5.0	[B] 3.9	[B] 14.3
Honeywell	151,522	26,363	17.4	143,243	12,232	8.5	[F] 6.5	26.0
W. R. Grace & Co.	107,289	16,331	15.2		[3]		[F]	[D]
Dow Chemical Co.	330,000	96,100	29.1	229,342	62,337	27.2	22.5	32.2
International Paper Co.	225,100	39,900	17.7	144,074	35,518	24.7	15.4	[F] 58.1
American Can Co.	113,823	24,824	21.8		[2]		[F]	34.8
Borden, Inc.	118,375	42,578	36.0		[2]		[F]	[D] 32.6
Kapid American Corp.	52,608	7,300	13.9		[15]		34.2	35.0
Burlington Industries, Inc.	145,623	61,380	42.1		[2]		[B] 47.4	[B] 53.7
Union Oil Co. of California	205,263	19,700	9.6	152,166	9,800	6.4	[F] 9.0	5.4
R.J. Reynolds Industries, Inc.	421,938	100,251	23.8	420,995	160,832	38.2	[F] 43.7	[D] 47.4
Sperry Rand Corp.	149,202	38,725	26.0		[1]		34.9	41.1
Xerox Corp.	475,166	140,218	29.5	397,196	118,832	29.9	30.4	33.6
Boise Cascade Corp.			[B]		[11]		[F]	7.2
Cities Service Co.	188,477	49,500	26.3	126,254	32,662	25.9	[F] 8.9	17.0
Minnesota Mining & Manufacturing Co.	450,457	150,700	33.5		[22]		[F]	28.2
Consolidated Foods Corp.	118,448	39,124	33.0	103,344	36,157	35.0	[B] 37.5	[B] 32.3
Gulf & Western Industries, Inc.	71,028	5,400	7.6		[3]		[D]	[D]
Textron, Inc.	157,622	72,442	46.0	147,141	62,200	42.3	[B F] 43.4	46.7
American Standard Inc.	48,000	6,100	12.7	42,507	7,450	17.5	[F]	
The Signal Cos., Inc.	85,787	14,738	17.2		[4]		[B]	[B]
Ashland Oil, Inc.	136,892	53,165	38.8		[2]		[K]	[K]
Owens-Illinois, Inc.	154,772	26,486	17.1	90,797	18,097	19.9	24.7	36.5
United Brands Co.			[3]		[2]			
CPC International, Inc.	103,747	23,668	28.6		[2]		[F]	27.5
The Standard Oil Co. (Ohio)	113,008	3,937	3.5		[2]		[F]	
Republic Steel Corp. (Canadian combined with United States)			[3]		[B H]		[F]	
Gulf Oil Corp.	136,306	42,940	31.5		[3]		[F]	[B] 19.0
Gulf Corp.	92,990	18,594	20.0	73,016	22,830	31.3	[F] 35.5	32.7
American Home Products	347,862	148,701	42.7	309,613	120,263	38.8	[F] 39.2	[D] 46.7
The Coca-Cola Co.	288,764	69,119	23.9		[4]		[F]	[B] 28.7
TRW, Inc.	137,658	41,990	30.6		[2] [3]		[F]	[D] 4.2
Armco Steel Corp.			[3]		[3]		9.8	5.6
Beatrice Foods Co.	192,272	74,829	38.9		[3]		43.7	46.7
Ralston Purina Co.			[3]		[3]		38.3	43.7
Uniroyal, Inc.	55,725	3,618	6.5	80,187	6,842	8.6	[F] 18.2	
Aluminum Co. of America	126,965	27,419	21.6	84,820	7,713	9.1		8.6
American Brands, Inc.	231,556	87,277	37.7		[3]		[F]	[H] 42.2
The Bendix Corp.	101,600	24,900	24.5	93,202	34,997	37.6	18.2	36.8
The National Cash Register Co.	91,819	8,249	9.0		[11]		[D]	[D]
Raytheon Manufacturing Co.	81,658	36,396	44.6		[3]		[F]	

Corporation	1973 Adjusted net income before Federal income tax [1]	1973 Approximate current Federal income tax	1973 Effective tax rate (percent)	1972 Adjusted net income before Federal income tax [A]	1972 Approximate current Federal income tax	1972 Effective tax rate (percent)	1971 effective tax rate (percent)	1970 effective tax rate (percent)
Warner-Lambert Co	188, 838	50, 628	26. 8	177, 412	56, 783	32. 0	[F] 35. 1	34. 5
Genesco, Inc			[7]	21, 425	9, 158	42. 7	[B] 39. 7	36. 2
Allied Chemical Corp	127, 967	22, 727	17. 8		[J]		[3]	9. 5
National Steel Corp	150, 680	54, 706	36. 3	116, 313	42, 900	36. 9	23. 9	
Weyerhaeuser Co	474, 854	134, 700	28. 4	211, 541	49, 940	23. 6	[F] 27. 1	18. 0
U.S. Industries, Inc	98, 611	18, 322	18. 6	121, 212	43, 537	35. 9	37. 6	35. 7
Getty Oil Co	183, 925	25, 247	13. 7	129, 525	18, 367	14. 2	12. 4	16. 3
Teledyne, Inc	73, 459	38, 400	[L] 52. 3		[K]		[3]	31. 8
Colgate-Palmolive Co	107, 378	22, 748	21. 2	86, 871	19, 330	22. 3	[3]	[P]
B. F. Goodrich Co	87, 939	27, 151	30. 9	86, 299	13. 945	16. 2	[3]	[D] 19. 9
Georgia Pacific	269, 350	74, 640	27. 7	163, 240	34, 480	21. 1	[F] 7. 6	4. 2
Whirlpool Corp	152, 788	69, 184	45. 3	122, 002	56, 457	46. 3	[T] 48. 8	[T] 57. 1
Gulf Oil Corp	749, 000	23, 000	3. 1	233, 000	12, 000	5. 2	[R] 4. 9	[R] 1. 9
United States Steel Corp	425, 780	77, 300	18. 2	157, 988	23, 200	14. 7	[U] 8. 2	
Westinghouse Electric Corp. [2]	241, 749	25, 445	10. 5	288, 688	91. 494	31. 7	29. 1	25. 9
TRANSPORTATION CORPORATION LIST								
Airline Corporations:								
UAL, Inc	98, 711	0		32, 445	(148)		0	
Trans World Airlines, Inc	58, 583	(137)		43, 497	(857)		0	0
American Airlines, Inc			[C]		[M]			
Pan Am. World Airways, Inc			[C]		[N]		0	
Eastern Air Lines, Inc			[C]	59, 178	0		0	0
Delta Air Lines, Inc	115, 874	24, 961	21. 7	67, 686	3, 310	4. 9		12. 5
Northwest Airlines, Inc	54, 130	6, 298	11. 6	17, 253	(6. 174)		[E]	[M]
Railroads:								
Penn Central Co			[9]		[17]			
Southern Pacific Co	157, 012	16, 870	10. 7	162, 833	15, 807	9. 7	[F] 18. 4	[L] 9. 7
Norfolk & Western Ry. Co	106, 574	12, 638	11. 9	56, 714	13, 320	23. 5	1. 2	[M]
Burlington Northern, Inc	58, 335	7, 716	13. 0		[19]		[3]	[N] 4. 1
Chessie Systems, Inc. (Chesapeake & Ohio Ry. Co.)	96, 816	12, 487	12. 9	39, 463	5, 787	14. 7	[3]	6. 9
Union Pacific Corp. (Union Pacific RR. Co.)	197, 563	32, 886	16. 6	139, 860	16, 619	11. 9	[V]	
Santa Fe Industries, Inc	144, 381	18, 708	13. 0	119, 391	15, 900	13. 3	[F] 16. 6	7. 7
Southern Ry Co	106, 154	9, 626	9. 1	100, 844	15, 153	15. 1	[F] 21. 3	17. 5
Missouri Pacific RR. Co	49, 317	6, 433	13. 0	31, 970	3, 201	10. 0	9. 2	[O] 2. 4
Trucking companies:								
Consolidated Freightways, Inc	25, 925	19, 402	[18] 74. 8			[S]	[F]	[D] 52. 7
Leaseway Transportation Corp	31, 873	7, 539	23. 7			[S]	18. 3	
Roadway Express, Inc	48, 506	22, 074	45. 5	46, 052	20. 594	44. 7	[F] 54. 8	[F] 48. 7
Yellow Freight System, Inc	33, 028	11, 385	34. 5			[S]	[D] 44. 9	[D] 37. 3
UTILITY CORPORATION LIST								
American Telephone & Telegraph Co	4, 728, 847	951, 573	[G] 20. 1	3, 980. 821	[10] 1. 231, 511	30. 9	[Q] 32. 5	[Q] 41. 5
Consolidated Edison Co. of New York, Inc	203, 319	(744)		144, 781	(1. 091)		[R V] 3. 3	[R]
Pacific Gas & Electric Co	299, 520	49, 046	16. 4	276, 249	60, 905	22. 0	[3]	[S]
Commonwealth Edison Co	285, 604	29, 200	10. 2	260, 389	32, 763	12. 6	[F] 8. 2	27. 1
American Electric Power Co., Inc	194, 285	(8, 920)		168, 103	(6, 708)		4. 5	13. 2
Southern California Edison Co	184, 030	40, 189	21. 8		[I]		22. 2	22. 3
The Columbia Gas System, Inc	170, 974	39, 053	22. 8	151, 762	27, 163	17. 9	23. 5	33. 6
El Paso Natural Gas Co	105, 134	4, 758	4. 5	105, 979	27, 657	26. 1	27. 2	20. 1
Texas Eastern Transmission	127, 092	20, 438	16. 1		[J]		25. 8	23. 3
Penzoil Co	119, 442	24, 018	20. 1	62, 276	(836)		[F] 18. 0	
RETAILING CORPORATION LIST								
Sears, Roebuck & Co	817, 490	299, 451	36. 6	746, 290	317, 200	42. 4	42. 4	42. 1
Allstate Insurance Co., Consolidated & Subsidiary	204, 108	27, 528	13. 5	169, 583	33. 644	19. 8	5. 8	
The Great Atlantic & Pacific Tea Co., Inc	18, 777	3, 168	16. 9		[11]		37. 9	41. 5
Safeway Stores, Inc	129, 872	41, 114	31. 7		[K]		[B] 46. 6	48. 8
J. C. Penney Co., Inc	259, 900	91, 600	35. 8	261, 623	127, 620	48. 3	30. 5	38. 2
The Kroger Co	36, 013	8, 340	23. 2	15, 683	4, 103	26. 1	32. 0	44. 2
Federated Department Stores, Inc	206, 555	87, 996	42. 6	175, 197	86, 346	49. 3	44. 5	47. 0
COMMERCIAL BANKING LIST								
Bank America Corp			[14]		[L]		[1]	[D] 31. 7
First National City Corp	306, 019	43, 000	14. 3	264, 844	63, 678	24. 0	[B] 28. 6	[D] 19. 6
The Chase Manhattan Corp	170, 691	4, 185	2. 5	159, 568	8, 671	5. 4	[F] 5. 7	[D] 25. 9
Manufacturers Hanover Corp	131, 568	20, 376	15. 5	95, 102	2, 826	3. 0	[F] 17. 2	[D] 35. 0
J. P. Morgan & Co., Inc	191, 931	40, 650	21. 1		[1]		[3]	[D] 27. 4
Western Bancorp	97, 730	(1, 802)			[L]		[3]	[D] 15. 5
Chemical New York Corp	74, 765	(4, 739)			[2]		[D] 31. 1	[D] 33. 1
Bankers Trust New York Corp	51, 673	(8, 029)			[3]		[1]	[D] 33. 7
Continental Illinois Corp	105, 818	(2, 312)			[3]		[P] 25. 5	[D] 22. 8
GRAIN COMPANIES								
Continental Grain Co			[16]					
Carwill, Inc			[15]					
Cook Industries, Inc	73, 789	24, 646	33. 4					
Carnac Grain Co., Inc			[11]					
Bunge Corp			[11]					
Louis Dreyfus Corp			[11]					
MINING LIST								
Anaconda Co	76, 061	1, 086	[13] 1. 4					
Kennecott Copper Corp	211, 980	800	4					
American Metal Climax, Inc. (American Climax)	130, 510	26, 270	20. 1					
International Minerals & Chemicals	73, 614	5, 241	7. 1					
Phelps-Dodge	174, 489	62, 700	35. 9					
St. Joseph Minerals, Inc	46, 097	11, 797	25. 6					
Freeport Minerals Co	23, 958	0						
Texas Gulf, Inc	67, 442	0						

Footnotes on following page.

FOOTNOTES

[1] The adjusted net income before Federal income tax reported to shareholders is comprised of net income or loss from financial statements with appropriate adjustments made for Federal income tax expense or refund, income or loss attributable to minority interests, and income or loss from investments in affiliated companies whenever the equity method of accounting was used. In certain cases, the minority interest and/or the income or loss reported under the equity method was not separately disclosed and in these cases those adjustments could not be made and the data, therefore, was omitted.

[2] The income of Western Electric Company, Incorporated, is included in the consolidated tax return of American Telephone and Telegraph Company. However, this is essentially the same approximate tax which would have been reflected had a separate return been filed.

[3] Tax benefits due to extraordinary items were not separately disclosed. Data for this company, therefore, has been omitted. (Boise Cascade, United Brands Co.)

[4] A footnote to the financial statements for Armco Steel Corp. filed with the Form 10–K for 1973 indicates:

"Armco utilizes in the Federal income tax return its share (50%) of operating costs of Reserve Mining Co. including the depreciation, amortization depletion and ITC attributable to the properties of Reserve and files a consolidated FIT return which includes the domestic leasing and insurance companies that are not consolidated for financial statement purposes.

Data for this company, therefore, was omitted.

[5] The minority interest and/or the income or loss reported under the equity method was not separately disclosed. Data for this company, therefore, has been omitted. (Ralston. Purina)

[6] The provision for income taxes may contain State and/or local and/or foreign in addition to Federal income taxes. Data for this company, therefore, has been omitted. (Republic Steel)

[7] Due to losses, the data for this company has been omitted. (Genesco, American Airlines, Pan Am, Eastern)

[8] Data for this company was not available. (Penn Central)

[9] Because the wholly owned subsidiary Western Electric Company, Inc. is accounted for under the equity method, the income and current Federal income tax for Western Electric Company, Inc., is not included here even though a consolidated tax return is filed. (AT&T)

[10] Per note to the financial statement, a final determination of the exact amounts to be reported in the current year and the amounts to be deferred, if any, will not be made until the tax return is actually prepared. (Bank America Corp.)

[11] These companies appeared to be nonpublic corporations, and therefore do not have to file with the SEC. (grain companies)

[12] A footnote to the financial statements for Lockheed Aircraft Corporation filed with Form 10–K for 1973 indicates:

"As a result of book-tax accounting differences, the company had taxable losses in 1973 and 1972 and deferred taxes were increased."

[13] Although this particular company did have a high approximate effective rate, a portion of it was due to the deferred portion of Federal income taxes which were deferred in prior years and which became a current liability in the current year. (Boeing, Teledyne)

[14] It appears that one of the principal reasons for this company's low effective rate is a significant loss carryforward from prior years. (Anaconda)

[15] One of the principal reasons for this high effective rate was the loss from the sale of a subsidiary company during the year which reduced book income by approximately $20 million. (Consolidated Freightways)

FOOTNOTES TO 1972 STUDY

[1] The adjusted net income before Federal income tax reported to shareholders is comprised of net income or loss from financial statements with appropriate adjustments made for Federal income tax expense or refund, income or loss attributable to minority interests, and income or loss from investments in affiliated companies whenever the equity method of accounting was used. In certain cases, the minority interest and/or the income or loss reported under the equity method was not separately disclosed and in these cases those adjustments could not be made and the data therefore was omitted.

[2] The minority interest and/or the income or loss reported under the equity method was not separately disclosed. Data for this company, therefore, has been omitted.

[3] The provision for income taxes may contain State and/or local and/or foreign in addition to federal income taxes. Data for this company, therefore, has been omitted.

[4] The income of Western Electric Co., Inc., is included in the consolidated tax return of American Telephone & Telegraph Co. However, this is essentially the same approximate tax which would have been reflected had a separate return been filed.

[5] A footnote to the financial statements for Lockheed Aircraft Corp. filed with form 10–K for 1972 indicates: "As a result of book tax accounting differences, the company had taxable losses in 1972 and 1971 and deferred taxes were increased."

[6] The provision for income taxes is not separated into current and deferred tax categories. Additionally, the provision for income taxes may contain State and/or local and/or foreign in addition to federal income taxes. Data for this company, therefore, has been omitted.

[7] United Aircraft Corp. provides for taxes on income in combined amounts for Federal, Canadian, and State Data for this company, therefore, has been omitted.

[8] Footnote No. 9 to the consolidated financial statements for Occidental Petroleum Corp. for the calendar year ended Nov. 31, 1972, indicates: "Substantially all of the 1972 and 1971 provisions for income taxes relate to Occidental's Libyan operations. As a result of the utilization of the percentage depletion and foreign tax credits, no Federal taxes have been paid or provided for the 2 years ended Dec. 31, 1972, except for a tax on tax preference items as prescribed by the Tax Reform Act of 1969."

[9] Information abstracted from the McDonnell Douglas Corp.'s annual report to shareholders for 1972 indicates: "Taxable income of McDonnell Douglas Corp. is significantly different from earnings reflected in the financial statements. This difference is primarily due to commercial aircraft development costs being deducted for taxes as incurred and the cost of sales for the DC–10 program being determined under the specific unit cost method (on lower of cost or market basis) rather than under the average cost method used in the financial statements. McDonnell Douglas Corp.'s 1970 and 1971 Federal income tax returns reflected net operating losses. McDonnell Douglas Corp.'s 1972 return will reflect taxable income before being offset by the unused net operating losses from 1970 and 1971."

[10] The provision for income taxes is not separated into current and deferred tax categories. Data for this company, therefore, has been omitted.

[11] Due to losses, the data for this company has been omitted.

[12] The provision for current and deferred taxes, and the tax benefits due to extraordinary items were not separately disclosed. Data for this company, therefore, has been omitted.

[13] This high effective rate for Textron, Inc. may have been the result of expenses being deducted for book purposes which are either not deductible for Federal tax purposes or are deducted for Federal tax purposes at a date later than for book purposes.

[14] A footnote to the consolidated financial statement for Republic Steel Corp. for 1972 indicates that due to a "carryback of operating loses for the year 1971 including timing differences and a deduction for percentage depletion," a Federal income tax refund arose.

[15] Due to a large extraordinary writeoff, data for this company has been omitted.

[16] A footnote to the consolidated financial statements of American Airlines, Inc., for 1972 indicates that: "As a result of timing differences, American's Federal income tax return for the year ended Dec. 31, 1971, reflected an accumulative net loss carryforward of approximately $45,200,000. This net operating loss carryforward is available to reduce future taxes payable. Upon realization of the operating loss carryforward, such benefit would be credited to the deferred tax liability and not affect future earnings. American anticipates that its tax return for the year ended Dec. 31, 1972, will reflect an additional net operating loss carryforward."

[17] Data for this company was not available.

[18] A footnote to the annual report of Burlington Northern Inc., and subsidiary companies for the year ended Dec. 31, 1972, indicates: "The company will have no taxes payable on its Federal income tax return due to current year tax deductions related to discontinuance of passenger services and trackage abandonments and certain merger-related items recorded per books in 1969."

[19] Because the wholly owned subsidiary Western Electric Co., Inc., is accounted for under the equity method the income and current Federal income tax for Western Electric Co., Inc., is not included here even though a consolidated tax return is filed.

NOTE.—This study is based entirely on information from public sources including 10–K reports, from 059, registration statements and prospectuses filed with the Securities and Exchange Commission as well as annual reports to shareholders and annual reports to the Inter-State Commerce Commission and the Federal Power Commission.

FOOTNOTES TO 1969–71 STUDY RELEASED JULY 19, 1972

[a] The adjusted net income before Federal income tax reported to shareholders consists of the net income (or loss) plus all Federal income tax expense (or income) plus deductions for minority interest taken in calculating net income and less income from an investment in another company when the equity method of accounting has been used, in some cases, the minority interest and/or the income reported under the equity method was not separately disclosed; thus, in those cases, these adjustments could not be made. (These accounting problems are further explained in the Appendix.)

[b] The deferred income tax accounts (tax effect of timing differences) may contain State and local and/or foreign in addition to Federal income taxes. Thus, this might have a significant effect on the estimated current Federal income tax and percentage.

[c] All the data necessary to compute the result for 1969 were not available on the 1971 and/or 1970 financial statement.

[d] Possibly overstated significantly because foreign and/or State and local income taxes are combined with Federal income tax. Whenever this is believed to be extremely significant, the data are omitted. These com-

panies have not reported separately their Federal income tax expenses. As stated elsewhere, this is an apparent violation of SEC filing requirements.

[e] The Ford Motor figures represent the effects of State and local as well as Federal income taxes. Their reports combine these amounts and thus the percentages are higher.

[f] The data for 1971 were not available when this information was being gathered.

[g] Including Canadian and U.S. income tax.

[h] Even though there appears to be some tax paid, the 10 K for ITT indicates that Hartford and ITT filed consolidated tax returns on which no tax was paid.

[i] Western Electric Co.'s income is included in the consolidated return for the Bell System; however, this is essentially the same tax which would have been reflected if a separate return were filed.

[j] McDonnell Douglas Corp.'s 1971 10 K indicates a NOL carryforward from 1970 and 1971, thus, in effect, no Federal income tax has been paid since prior to 1967.

[k] The 1971 and 1970 data for Ashland Oil were not readily available in the SEC microfilm files.

[l] The 10 K report states that Southern Pacific had no tax liability on a consolidated return for either 1971 or 1970; the results for 1969 were not disclosed. The estimated amoun s for Federal income tax ($19,551,000 for 1971 and $12,049,000 for 1970—effective tax rates of 13.4 percent and 9.7 percent, respectively) if actually paid may have been paid by subsidiaries less than 80 percent owned and, thus, not eligible to be included in the consolidated tax return. Some, or all, of these amounts may represent overstatement of Federal income tax accrual accounts in order to provide a reserve for future tax deficiencies following audits by the IRS; to this extent they would not be paid.

[m] The analysis of Federal income taxes (page 316 of their 1970 ICC annual report) showed that Norfolk & Western saved $29,403,000 in Federal income tax due to accelerated depreciation and to 5-year amortization. Their Federal income tax, if based on income per books of account, would have been $39,632,000. Filing a consolidated return saved an additional $16,687,000 in Federal income taxes. Their minimum tax on preferences was $2,143,000; however, the analysis of Federal income taxes indicated a refund of $1,624,000. The 1970 net income (after provision for income tax and after providing for minority interests) was $71,259,000 for Norfolk & Western and $64,017,000 consolidated.

[n] The 1970 ICC annual report (page 316, "Analysis of Federal Income taxes") showed that Burlington Northern saved $12,236,000 due to accelerated depreciation. Their taxes based on income recorded in the accounts would have been $13,367,000. Their refund was $603,603. The net income (after provision for Federal income tax and after reflecting minority interests) for Burlington Northern was $33,000,000 and $34,202,000 consolidated.

[o] The 1970 analysis of Federal income taxes (page 316 of their ICC annual report) indicated that Missouri Pacific had a refund of $814,700. Their Federal income tax based on taxable income as recorded in the accounts for financial reporting would have been $6,671,000. The net income, after provision for tax) was $18,189,000 for Missouri Pacific and $12,580,000 when consolidated. The company saved over $8,000,000 in taxes in 1970 due to accelerated depreciation and 5-year amortization.

[p] The information for Roadway Express was taken from its 1971 annual report to shareholders.

[q] Because the wholly owned subaldiary Western Electric Co. is accounted for by using the equity method, the income and current Federal income tax for A.T. & T. is not included here even though a consolidated tax return is filed.

[r] Notes to the financial statement of Con Edison indicate net operating losses for tax purposes for both 1970 and 1971 while the 1971 net income reported to shareholders was the highest in any of the prior 10 years of the company's history. Dividends paid were $102,065,000—1969; $108,021,000—1970; and $119,406,000—1971. None of the dividends on the common stock for these 3 years (amounted to $81,188,234 and $73,436,126 for 1971 and 1970) were taxable as dividend income.

[s] Due to undisclosed amounts of intraperiod tax allocation, the total Federal income tax provision cannot be ascertained for Pacific Gas & Electric.

[t] This high effective rate for Whirlpool may have been the result of expenses being taken for book purposes which are not deductible for tax purposes (e.g., goodwill).

[u] In the tables released last July 19 and which were prepared by the joint committee United States Steel's effective tax ra e was approximated at 7.6 percent, subsequent analysis by the committee indicates that the rate is closer to 8.2 percent.

[v] The figure for Con Ed paid in 1971 is brought forward from the study released July 19, 1972, and prepared by the joint committee. Subsequent information (see chapter on tax-free dividends) indicates no tax paid.

Appendix. Problems in Securing Approximate Effective Tax Rates From Public Information Sources

Consolidations: financial statements and taxes

For financial statement reporting purposes, companies frequently consolidate foreign subsidiaries and subsidiaries which are more than 50-percent owned. For Federal income tax purposes, generally, they must be domestic subsidiaries and 80-percent or more owned before they can be included in a consolidated income tax return.

In financial reports to shareholders, the total Federal income tax expense (as well as all other revenue and expense accounts after elimination of intercompany transactions) of all consolidated subsidiaries (even the 50-percent owned companies) is reported as though it were an income tax or refund entirely attributable to the majority interest of the consolidated group. The minority interest in a particular subsidiary's net income or loss (perhaps as much as 49 percent) however, is removed at the bottom of the income statement. Thus, the consolidated financial reports often show the total tax expense of even 51-percent owned subsidiaries while eliminating the income attributable to the minority interest.

To compensate for this, the net income per financial statement was adjusted by the income or loss attributable to the minority interest.

Method of accounting for an investment in a subsidiary or affiliate

If the equity method is used for financial statement reporting purposes to account for an investment in a subsidiary or affiliate which is not included in a consolidated tax return, the provision for income tax expense may exceed or be less than that which is reported on the consolidated financial statements. The equity method, which is sometimes called a one line consolidation, produces the same net income to shareholders as does consolidation. Under the equity method, the parent corporation's proportionate part of the "after tax" earnings of the subsidiary or affiliate are shown on one line in the income statement; in a consolidation, all income and expense accounts of the subsidiary are combined with those of the parent and other consolidated subsidiaries and the net after tax earnings or loss of a subsidiary attributable to a minority interest are later deducted. Thus, consolidation for financial statement reporting purposes shows all Federal income tax expenses recorded by all the consolidated subsidiaries while the equity method does not reflect any of the Federal income tax or refund attributable to subsidiaries or affiliates which are accounted for under the equity method.

Because the Federal income tax or refund attributable to the equity method net income or loss was not disclosed, the equity method income or loss was used as an adjustment to the net income per financial statement.

"Overstating" the provisions for Federal income taxes

Corporations may "overstate" the accrued Federal income tax liability and thus, overstate the provision to provide for anticipated taxes due because of an Internal Revenue Service audit of tax returns for open years. Corporations "book" this "overstatement" because of the tendency to resolve doubtful items in the corporate favor while realizing that many of these items might result in tax deficiencies by the Internal Revenue Service. Because the amount of this "overs atement" of the provision for Federal income taxes cannot be determined from public information sources, no attempt was made in this study to adjust for this amount in arriving at the estimated current Federal income tax liability.

Interperiod tax allocation

Another major problem in estimating a Federal income tax liability involves the use of the accounting technique referred to as "comprehensive tax allocation." The Accounting Principles Board of the American Institute of Certified Public Accountants in Opinion No. 11, stated that "the tax effect of a timing difference should be measured by the differential between income taxes computed with and without inclusion of the transaction creating the difference between taxable income and pretax accounting income. The resulting income tax expense for the period includes the tax effects of transactions entering into the determination of results of operations for the period. The resulting deferred tax amounts reflect the tax effects which will reverse in future periods. The measurement of income tax expense becomes thereby a consistent and integral part of the process of matching revenues and expenses in the determination of results of operations." Generally, this results in a provision for income tax expense being larger than the current tax liability which will result in a "deferred Federal income tax liability" being recorded on the financial statements. Comprehensive tax allocation and amortization of the investment tax credit over the lives of the assets (rather than flowing-through the investment tax credit) results in the provision for Federal income tax expense for financial statement reporting purposes being larger (and in some cases smaller) than the actual current tax liability.

Comprehensive tax allocation accounting can result in a net current asset (prepaid taxes in excess of current deferred tax liabilities) or a net current deferred tax liability, or in a net fixed asset for "prepaid" taxes or a net long-term deferred tax liability (for amounts not expected to reverse in one year).

Wherever possible, these deferrals of Federal income taxes were taken into consideration in estimating the approximate current portion of Federal income tax expense.

Permanent differences (items which do not reverse, e.g., the 85-percent dividends received deduction) are treated in the same manner for financial statement reporting purposes as they are for tax purposes. Thus, these items do not result in any differences nor do they affect the provision for Federal income tax expense or the corresponding liability.

INTRAPERIOD TAX ALLOCATION

This accounting technique results in showing the effect of taxes on the various sections of the income statement. Thus, extraordinary gains and/or losses are reduced when reported to the shareholders by the tax or tax savings attributable to them. Accordingly, in estimating current Federal income tax, wherever possible, an effort was made to reflect the tax effects of extraordinary items where appropriate. For example, where the income statement showed separately a Federal income tax expense or tax savings attributable to a nonoperating extraordinary gain or loss, these items were netted against each other for purposes of this study.

This problem is further complicated when the extraordinary gain or loss is recognized for financial statement reporting purposes in years different than for tax purposes, thus making comprehensive interperiod tax allocation a signficant factor in estimating the current Federal income tax.

Regulation S–X, rule 3–16(O), income tax expenses

The Securities and Exchange Commission in Accounting Series Release No. 149, issued November 28, 1973, amended Rule 3–16(c) and was applicable to financial statements for periods ending on or after December 28, 1973. The amended rule, which deals with the disclosure of the components of income tax expense, is as follows:

"(1) Disclosure shall be made, in the income statement or a note thereto, of the components of income tax expense, including: (i) taxes currently payable; (ii) the net tax effects, as applicable, of (a) timing differences (Indicate separately the amount of the estimated tax effect of each of the various types of timing differences, such as depreciation, research, and development expense, warranty costs, etc. Types of timing differences that are individually less than 15 percent of the deferred tax amount in the income statement may be combined. If no individual type of difference is more than five percent of the amount computed by multiplying the income before tax, by the applicable statutory Federal income tax rate and the aggregate amount of timing differences is less than five percent of such computed amount, disclosure of each of the separate types of timing differences may be omitted.) and (b) operating losses; and (iii) the net deferred investment tax credits. Amounts applicable to United States Federal income taxes, to foreign income taxes and to other income taxes shall be stated separately for each major component, unless the amounts applicable to foreign and other income taxes do not exceed five percent of the total for the component.

"(2) If it is expected that the cash outlay for income taxes with respect to any of the succeeding three years will substantially exceed income tax expense for such year, that fact should be disclosed together with the approximate amount of the excess, the year (or years) of occurrence and the reasons therefor.

"(3) Provide a reconciliation between the amount of reported total income tax expense and the amount computed by multiplying the income before tax by the applicable statutory Federal income tax rate, showing the estimated dollar amount of each of the underlying causes for the difference. If no individual reconciling item amounts to more than five percent of the amount computed by multiplying the income before tax by the applicable statutory Federal income tax rate, and the total difference to be reconciled is less than five percent of such computed amount, no reconciliation need be provided unless it would be significant in appraising the trend of earnings. Reconciling items that are individually less than five percent of the computed amount may be aggregated in the reconciliation. The reconciliation may be presented in percentages rather than in dollar amounts. Where the reporting person is a foreign entity, the income tax rate in that person's country of domicile should normally be used in making the above computation, but different rates should not be used for subsidiaries or other segments of a reporting entity. If the rate used by a reporting person is other than the United States Federal corporate income tax rate, the rate used and the basis for using such rate shall be disclosed."

TYPOGRAPHICAL CORRECTIONS TO THE FOURTH ANNUAL CORPORATE TAX STUDY

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 9, 1975

Mr. VANIK. Mr. Speaker, on October 7, I released the results of my fourth annual corporate tax study. The study reported the approximate incomes and effective income tax rates for 142 of Amercia's leading corporations. Despite a corporate tax level set at 48 percent by law, the 142 companies whose figures we were able to obtain from public sources paid an average effective Federal income tax of only 32.6 percent.

The printing of the corporate tax study is a difficult job. I salute the dedicated workers at the U.S. Government Printing Office that are able to put together a 9 page CONGRESSIONAL RECORD insert in one night.

Given the size of the study and the amount of figures that are in it, there were a number of typographical errors that I would like to correct.

Mr. Speaker, almost all of the errors are confined to the very small print of the 1971, 1972, and 1973 tax studies that were included for reference. They amount to only small digit changes and clarifications in footnotes. The corrections follow:

CONGRESSIONAL RECORD, OCTOBER 7, PAGES H9755-9764

Page H9757: Second column of text, 3rd full paragraph, $8,383,652 should be $8,383,-653,000.

Second column of text, 3rd full paragraph, $385,633,000,000 should be $385,633,000.

Page H9758: Ford Motor Company Approximate taxes paid to foreign governments, column 4, should be $158,100 not 351,100.

Firestone Tire and Rubber Co. Approximate adjusted net income before Federal and foreign income tax should be $271,974 not 271,947. Also, Approximate effective worldwide rate should be 36.9% not 33.9%.

R. J. Reynolds Industries, Inc. Approximate adjusted net income before Federal and foreign income tax should be $750,695 not 750,385.

Ashland Oil Approximate current Federal income tax should be $22,340 not 20,430.

Page H9760: Northwest Airlines, Inc. Approximate adjusted net income before Federal and foreign tax should be $93,411 not 94,411.

In Mining Corporation list, American Metal Climax Inc. should have (American Climax), not (American Climas).

Page H9759: General Telephone and Electronics Corp. 1972 Approximate current Federal income tax should read footnote (3), not (2). Also, 1971 effective tax rate should read footnote (2F), not (1F).

United Aircraft Corp. 1970 effective tax rate should read G 20.5, not G. 20.2.

Firestone Tire and Rubber Co. 1970 effective tax rate should read D39.2, not D30.5.

Esmark, Inc. (Swift & Co.) 1971 effective tax rate should read F26.7, not F25.7.

Textron, 1971 effective tax rate should read 13 F 53.4, not 13 F 43.4.

United Brands 1971 effective tax rate should include a footnote (F).

Page H9761: Teledyne, Inc. 1973 effective tax rate should have a footnote (13), not (12).

Southern Pacific Company 1971 effective tax rate should be L 13.4 not F 13.4.

Burlington Northern, Inc. 1972 approximate current federal income tax should have a footnote (18), not (19).

Roadway Express 1970 effective tax rate should have a footnote P not F.

Pacific Gas and Electric 1971 effective tax rate footnote of (S), not (8).

Allstate Insurance Co. Adjusted new income before Federal income tax of 204,198, not 204,103. Also 1971 effective tax rate should be 5.9% not 5.8.

J. C. Penney Co., Inc. 1973 Adjusted net income before federal tax should be 255,900 not 259,900. Also 1972 effective tax rate should be 48.8% not 48.3.

Federated Department Stores, Inc. 1970 effective tax rate should be 47.6% not 47.0%.

Bank America Corp. 1971 effective tax rate should have a footnote (F), not (1).

Western Bancorp 1971 effective tax rate footnote should read (F) not (2).

Banker's Trust New York Corp. 1973 Approximate current Federal income tax should be (8,020) not (8,029). Also 1971 effective tax rate footnote should be (F), not (1).

Continental Grain Co. 1973 effective tax rate should have a footnote (11), not (10).

Under Grain Companies, Carwill, Inc. should be Cargill, Inc.

International Minerals and Chemicals 1973 Approximate current Federal income tax should be 5,242 not 5,241.

Africa

STATEMEMT BY SENATOR EDWARD M. KENNEDY

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

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Senate

EVENTS IN SOUTHERN AFRICA

Mr. KENNEDY. Mr. President, U.S. foreign policy has traditionally focused on our relations with the great powers of the Earth—those industrial states that control the bulk of the world's wealth, producive capacity, and military power. Yet, in recent years, we have become increasingly aware that there are other dimensions to foreign policy, other problems, other factors that compel our attention.

With the ending of the cold war, new areas of turmoil and conflict have emerged, along with a new quality of interdependence among nations and peoples—including many in far distant parts of the world that once had little effect on our Nation. Economic issues have come to the fore as rarely before in history; and events in the southern half of the world are beginning to have a profound impact on the richer north, and on our hopes for a peaceful evolution to a future that can benefit both us and others.

Indeed, it is now becoming clear that we cannot meet the challenges of the future—in virtually any area—unless we broaden our perspective, and also create enlightened attudes and policies toward nations and regions that we almost totally ignored. Relations among the rich and powerful are no longer enough; there must also be a deeper understanding of countries in poorer parts of the world, if we are to succeed in managing any of our foreign relations.

In Asia, Africa, and Latin America, we are being called upon to gain understanding, exercise good judgment, show compassion, and bring wisdom to our policies, where once we could get by with indifference and neglect.

Today, that lesson is being brought home to us most forcefully in Africa. During the past few months, events in Southern Africa have brought that part of the African Continent more fully to our attention than ever before. The war in Angola posed a series of difficult questions for the United States, and led to a major difference of opinion between the administration and Congress about the right course to pursue.

That war is now over, and, I believe, the wisdom of congressional action has been vindicated.

We withdrew from a situation in which American arms would have been used to intensify conflict and be paid for in African lives—a situation in which we would have been remembered in Africa only for a tacit alliance with the forces of white racism and minority rule.

Now we are faced with other serious choices regarding Southern Africa, and particularly in Rhodesia, Southwest Africa—Namibia—and South Africa, itself. None of us can approach these issues lightly; all of us are concerned about developing policies for the United States that will be in our best interests, and in the best interests of the nations and peoples directly involved, as well.

To these ends, it is important that we in the United States gain a clear view of what is happening in Southern Africa, and develop a set of attitudes and policies toward that troubled part of the world which genuinely relate to events and developments there. For too long, we have had no real policy towards Southern Africa—or at best a policy that failed to view Southern Africa in its own terms—a policy that put off decisions to the indefinite future, in the mistaken belief that time itself would resolve the bitter issues of relations between black and white, between majority and minority rule.

The time has long passed when we could afford to look at the nations and peoples of the African continent in terms of our relations with European countries—the former colonial powers.

Today, policies based on the role of European nations in Africa are no longer relevant. Now the continent must be viewed for what it truly is: a set of individual nations and peoples, each with its own identity, its own aspirations, its own problems and promise. For, otherwise, no policy toward Africa can succeed.

At the same time, we must also reject the notion that what happens in Africa should be viewed primarily in terms of our interests elsewhere—and in particular as deriving from United States-Soviet relations and interests in other parts of the world.

No country in Africa wants to be a pawn of superpower politics: No country in Africa can welcome a role for the Soviet Union or any other outside nation in its internal affairs that would deny its integrity and independence; and no aspect of our interests in Africa can justify bringing that continent within the compass of an outmoded concept of containment.

Of course, it is not enough simply to say that we join the vast majority of African nations in opposing any involvement of the Soviet Union and Cuba in events now taking place in southern Africa. It is not enough merely to join others in saying that Soviet and Cuban involvement in Africa is illegitimate. Yet, at the same time, there is little merit in adopting methods of active and direct opposition to such involvement—methods like those advocated by the administration over Angola—where they place us in the position of supporting white racism, supporting minority rule, and opposing the legitimate aspirations of individual peoples and the fulfillment of desires for national self-determination. No one in Africa—other than the white regimes, themselves—would thank us for playing that role.

There is little merit in issuing warnings to Cuba when we are failing to take those steps that could deny to Cuba or the Soviet Union fertile ground in southern Africa in which to sow seeds of their own involvement. The Secretary of State has finally acknowledged the importance of the rights of all peoples in southern Africa. But we must show that we are moving beyond lipservice, beyond a decade of hypocrisy and neglect; and moving toward genuine efforts to be on the right side in southern Africa.

Nor must we fall into the trap of believing that, somehow, other nations will see our response to Cuba and the Soviet Union in Angola as a weakened will to protect our own interests. I believe that this is a total misperception of U.S. intentions. It is surely clear to all that the United States will indeed follow through on its commitments in the world—commitments that truly reflect vital interests, as in Europe, in Japan, and in Israel.

The danger lies in a distorted vision of our interests, as the administration demonstrated when it advocated a policy of covert and active support for particular groups in Angola, in the name of U.S. relations elsewhere with the Soviet Union.

For challenges to the United States "will" come not from any evidence of frailty on the party of our people; but rather from an administration which seems blind to the differences between vital and less important interests, and which misrepresents congressional good sense over Angola as national weakness.

Last night, Secretary Kissinger said in Dallas that "we must be prepared to recognize genuine threats to the global balance." No one can disagree with that view. Yet it is precisely that view which he failed to follow in seeking to involve us in Angola; and where he risks disturbing our basic interests in the rest of southern Africa.

In fact, if the administration wishes to make a clear demonstration of American will in southern Africa, it can begin by at last developing a clear, consistent, relevant policy toward that part of the world—and by orienting that policy to our interests there, and to the ideals and interests of the majority of people in those countries.

I believe that we can have an effective policy toward southern Africa, and work toward the isolation of that region from outside intervention and great power politics. I believe we can provide support for those black African countries which are apprehensive of Soviet and Cuban intervention. But to do so, to make effective any policy of opposing Soviet or Cuban ambitions in Africa, we must begin directly and firmly to demonstrate our real and active support for those peoples subjected to minority rule. For if we abandon that cause, we will only have ourselves to blame when the oppressed people of southern Africa turn elsewhere for support.

It would be ironic indeed, if African peoples are forced to turn for support, not to the nation which "fired the shot heard round the world," but rather to a nation which has systematically denied human liberties to hundreds of millions of peoples in its own and neighboring countries.

Of course, even if we reverse our policies of neglect toward the aspirations of majority black peoples in southern Africa, it may still not be possible to forestall involvement of the Soviet Union or other outside powers. But at least we would be taking the indispensable first step toward that desirable outcome; we would be abandoning the lipservice to self-determination and majority rule that has characterized policy toward southern Africa for so many years; and we would be creating a firm basis for trust of our intentions and actions on the part of black African states. Then we would put behind us forever the legacy of colonialism which has produced paternalistic attitudes of indifference.

Mr. President, today we have a unique opportunity to develop our own policies for southern Africa: to tie these policies firmly to the interests and desires of individual countries and peoples; and to build new relationships with African states that will truly be in our interest—and in theirs.

We must show that we understand the human dimension of what is happening in southern Africa—for in the final analysis, that dimension will be decisive, both for the people directly involved, and for the future of our policies throughout Africa.

As Prime Minister Macmillan said in 1960, in an historic speech to the South African Parliament:

> The wind of change is blowing through this continent and, whether we like it or not, this growth of national consciousness is a political fact. We must all accept it as a fact, and our national policies must take account of it.

What is happening today in southern Africa has meaning for all people who believe in social and human justice. It is part of a continuing effort in many countries of the world, reflecting a basic change in relations both within and between nations. Here lie the great issues for the future—where the reshaping of the global economy to bring greater benefits to people everywhere is part of the self-same process in which people everywhere are searching for a final end to centuries of a racist hierarchy of peoples based on the color of their skins.

Today, this search is for greater justice to southern Africa and minority rule there is under increasing challenge, as the continued oppression of black Africans in Rhodesia, Namibia, and South Africa has trapped all citizens of these countries—both black and white—in a system that perverts the most fundamental of all human values, the dignity and self-respect of each individual.

Colonialism has ended in Mozambique, Angola, and in the other Portuguese colonies—and the end of minority rule in South Africa, in Namibia, and in Rhodesia is inevitable.

In our Nation's Bicentennial Year, we must recognize that the effort to end minority rule in southern Africa represents the same urge for self-determination, the same cry to end oppression, the same passion for freedom and liberty that sparked the American Revolution of 1776.

In the future, names like Abel Muzorewa and Joshua Nkomo of Rhodesia, Gatsha Buthelezi of South Africa, and Sam Nujoma of Namibia, may be revered in the history of southern Africa, just as we Americans honor George Washington, Patrick Henry, and Paul Revere.

We, therefore, face a critical choice—which we can put off no longer: Will we, as a nation, truly support peoples of southern Africa who seek only the "unalienable rights" we sought and won for ourselves two centuries ago? Or will we continue to follow policies that isolate us from these peoples—policies that effectively place us on the side of minority governments that deny basic human rights to most of their people, and invite the involvement of other outside powers?

I believe the choice is clear: The United States can and must—in both word and deed—place itself firmly in support of a rapid but peaceful resolution of the struggles for freedom and self-determination that are raging in southern Africa. The wind of change is indeed sweeping through that region; and we must steer our course with that wind, instead of continuing to resist it.

This message has been brought to us most clearly by President Kenneth Kaunda of Zambia. At the White House last spring—on our own Patriots' Day—he asserted that "peace is central to all human endeavor," but he also warned that—

> We cannot declare our commitment to peace and yet strengthen forces which stand in the way to the attainment of that peace.

Africans who have studied our history—who have been inspired by our own struggle for liberty—know that we have the ideals and the compassion to stand for liberation and justice for all African peoples.

We began that campaign many years ago.

After the Second World War; we became the leading champion of ending colonial rule, wherever it was found. We encouraged black Africans and others to assert their claim to independence. We supported those people in Europe who understood that colonialism must end, along with the cancer of racism which was the inevitable product of a system that placed whole nations under the rule of foreign peoples. And we embarked on the most generous effort in history to extend aid for peoples and nations on the long road to development.

In those days, many Americans stood tall in the fight to end colonial rule. For his stand against the evils of that system, G. Mennen Williams, Assistant Secretary of State for African Affairs, was condemned by the white settlers of Kenya and punched in the face by a white Rhodesian. Yet Secretary Williams continued to stand by our national commitment to self-determination, freedom, and justice.

In recent years, we departed from the standard we set, as we retreated from our commitment to end colonialism. We failed to oppose officially the last major bastion of colonial rule in Portuguese Africa.

But then, with no help or encouragement from the U.S. Government, Portugal itself reversed its course, and began granting independence to its five African colonies. Today, the age of colonialism in Africa by outside nations is one small step from being over; and time is running out for colonialism within the countries of the south, as well.

Dr. Kaunda and other thoughtful Africans know that the aspirations of the oppressed have not changed that "the patience of the oppressed has its limits." Struggle for liberation has exploded into guerrilla action and even open fighting.

This is so because the minority governments of Southern Africa are frustrating the prospects for achieving majority rule. In doing so, they are inviting efforts outside the law—efforts that could result in untold human suffering, unless farsighted men and women in these

countries, both black and white, can prevail through peaceful means.

No one can stand aside and accept this outcome as inevitable. No one can deny a call to act in the interests both of peace and of justice.

We in the United States must demonstrate our support for people who seek the course of peace, and take four concrete steps:

First, we should immediately recognize the People's Republic of Angola, and establish diplomatic relations with its new government. At least 40 of the 47 members of the Organization of African Unity have already extended recognition. And the United States is now the only member of NATO which does not recognize the Government of Angola's president, Augostino Neto.

Only through regular diplomatic contacts can future United States-Angolan relations rest on a clear understanding of the interests of both countries; only in this way can we play any role in helping Angola to resist pressures and undue influence from outside powers; only in this way can we begin the process of commitment to change in the rest of southern Africa as well.

President Ford authorized Gulf Oil to establish direct negotiations with Angolan officials; and the corporation has entered into relations with the new government. It is time for the President to direct the Department of State to do the same.

Second, and even more important, we must face the growing threat of conflict in Rhodesia—Zimbabwe—the most immediate challenge to peace in the region. The demand for change in that country is clear, where 300,000 white citizens control the destiny of 6 million blacks. That demand for change will be fulfilled. The choice lies only in the means for change, and in the commitment to insure that whites and blacks can live together in peace under majority rule.

Ten years ago, the Smith regime in Rhodesia was declared an international outlaw by the United Nations. We, too, are bound by that decision. Yet we have evaded it—we have given aid and comfort to the supporters of minority rule by diplomatic indifference to our true interests. We have also violated the United Nations sanctions imposed on trade with Rhodesia, by a congressional amendment permitting the import of chrome.

This must not continue, especially at this critical time for the future of U.S. policy in Africa. We must show our determination to press for a peaceful transition to majority rule. And we in Congress must promptly repeal the Byrd amendment.

We must also undertake our own efforts—and support those of other nations—to impress upon the Smith regime the need to negotiate now for a transition to majority rule. The time has passed for half measures, and for temporizing in hopes that the issue will go away. Time, indeed, has nearly run out, and the next few weeks may determine the prospects for peace—or war. And the Smith regime must be under no illusions that the United States would rush to the aid of the white-dominated government, if its failures lead to a conflict in which Cubans or other outsiders are involved.

It is small wonder that, as recently as last week, the Smith regime continued to believe in U.S. support—when U.S. policy is vacillating between new-found concern for majority rule, and even more forceful positions on superpower politics.

At the same time, no one can ignore the interests, the concerns, the fears, of white citizens in Rhodesia. But many of them recognize that the best means of securing their own future lies not in continuing to hold to positions that are neither politically nor morally tenable. Rather they lie in coming to terms now with the inevitable course of events. They lie in seizing what opportunities remain to shape that course in ways which will preserve and extend the rights, the liberties, and the interests of both whites and blacks.

It will be difficult in any event to work toward a stable society in Rhodesia under any form of government, where whites and blacks can live together in peace, to the benefit of all of Rhodesia's people. But the chances of that outcome will be made infinitely worse if peaceful means fail, and that country erupts in racial war.

This week, negotiations have broken down once again, and Prime Minister Smith has said again that he does not expect majority rule in his lifetime. But his intransigence simply cannot be sustained; the negotiations must succeed, if bloodshed is to be averted.

Yesterday, the British Government proposed a transition period of up to 2 years to lay the foundation for free elections leading to majority rule. If this course is accepted by the Smith regime, Britain has promised to lift sanctions against Rhodesia, and to consider economic aid following the elections.

I believe that we in the United States should give this general approach our firm support—though with a much more rapid timetable; and we should commit ourselves to provide economic aid to Rhodesia, if need be, after majority rule.

Many people in Rhodesia understand the wisdom of this proposal by the British Government. And we must support them, not turn away from the realities of the future and, in so doing, merely feed the fears of Rhodesia's white citizens and increase the chances of bloody conflict.

Third, and next in importance to the immediate crisis in Rhodesia, we must finally face up to the situation in Southwest Africa—in Namibia. This is a country suffering in a unique way, because it is illegally occupied by the Republic of South Africa. The legal, the moral, the political position is clear:

By U.N. resolution, South Africa's trusteeship over Southwest Africa, dating from the end of the First World War, has been declared null and void. Yet South Africa has defied that vote of the body which has legal and moral say over the future of trustee territories.

The United States effectively continues to support that internationally condemned—and untenable—position. Despite our Government's vote for the U.N. resolution, our administration still permits U.S. firms doing business in Namibia to pay taxes to the government in Pretoria. Yet if the administration could pressure Gulf Oil to withhold royalty payments to Angola while the war continued, surely we can also pressure U.S. firms in Namibia to withhold payments from the illegitimate power of the South African Government in Namibia.

Since the victory of the MPLA in Angola, the South West Africa Peoples Organization—SWAPO—has greatly increased its guerrilla activity in Namibia. Either through the force of war or by peaceful means, liberation is also inevitable for the peoples of this land. Again, we must ask ourselves: Must SWAPO turn to Cuba as the champion of its cause? Or will we in the United States recognize what is right, just, and consonant with our own ideals and principles as a nation? Again the choice is clear. Again, our moral obligations are identical with our national interest in a peaceful transition to majority rule in Southern Africa, without intervention by outside powers. And we must be prepared to join other nations in providing economic assistance to Namibia, as well as to other states in Southern Africa.

Finally, as a problem less pressing in time than Rhodesia, but even more significant for the future of Africa, there is South Africa itself. South Africa is the last of what could truly become a row of falling dominoes—but hopefully falling not to war and possible foreign domination, but rather to a peaceful accommodation with the forces of justice and majority rule.

Inside the laager, the most powerful and most highly developed country in Africa is moving inexorably on a collision course with destiny—with the same forces that are requiring change in Rhodesia and Namibia, as well.

In this land, slightly more than 4 million white inhabitants monopolize the wealth, the political power, and the benefits of economic security through unjust laws of apartheid, police state action, a monopoly of force, and a perverted judicial system. The white South Africans control 17 million blacks who have a standard of living far below that of the whites, whose prosperity is made possible through black labor. That nation's 17 million black citizens are denied personal liberties and basic freedoms, and condemned to a bitter life in the land of their ancestors, which they call Azania.

Helen Suzman, the courageous Progressive Party member of the South African parliament, calls the 17 million blacks "the great silenced majority." In that country, there are two names, two worlds and two peoples—but two peoples whose lives are intimately dependent on one another.

At the beginning of this decade the prospect of a transition to full rights for black South Africans—to majority rule—seemed more distant than ever. Jim Hoagland, in his descriptive analysis, "South African Civilizations in Conflict," suggested that "the most important event of the 20th century for Africa will be the revolution that did not happen."

Hoagland wrote than 5 years ago. Today, thoughtful people in many countries insist that, now, the most important

event for Africa will be the gaining of power by those people who are in the majority.

Representative CHARLES C. DIGGS, black Africa's leading spokesman in the U.S. Congress, believes that the Russians and the Cubans need to make only a small investment in the black liberation movements in Rhodesia and in South West Africa and finally in South Africa. Eventually, in his view, the United States might find itself then joining the side of the white minority regimes to combat the influence of these Communist countries.

And before we knew it, the United States would intervene, because preoccupation with the threat of Soviet involvement would distort our Government's view of our own national interests.

Congressman DIGGS insists, as I do, that this must not happen—and it need not happen. Nor should we permit, through either deed or word, the Rhodesian or South Africa governments to believe it could happen. Instead we should recognize where our true interests lie, and the credibility we still have with the groups struggling to change the policies and practices of the South African Government.

Yet U.S. Government policies deserve little credit for preserving and building upon the opportunities we still have to act in our interest—and in the human interest—before it is too late. For example, the administration is now considering plans for the Export-Import Bank to negotiate a $450 million loan guarantee package with a South African Government-owned corporation. Along with other Senators, I recently wrote to President Ford, urging him to reject these plans. Only in this way can we begin to demonstrate that we understand the gravity of events in South Africa, and the need for positive action now, if worse results are not to follow in the future.

At the same time, we must bring our diplomatic representation in South Africa firmly into line with our new policy of urging progressive movement toward majority rule. We must end the inconsistency between noble words and practical actions that reassure South Africa of our support "at the final hour." This means ending our exaggeration of South Africa's importance in the freedom of sea routes around Africa; ending all defense cooperation, and withdrawing our defense attachés. And we must disabuse South Africa of the notion that it can play the card of the Communist scare, to gain U.S. support when the chips are down. The message we send must be clear and unequivocal.

It is important, however, that we not withdraw diplomatic recognition or representation. For we must keep open the lines of communication with South Africa, both to indicate our sense of the direction of events in the region, and to aid in the process of movement to majority rule within a truly pluralistic society in South Africa, itself.

It is also time for us as a nation to look again at the value of our foreign investment in South Africa. We cannot let our policy towards that country—our policy towards the future—be determined by economic interests in the current regime. We must not allow either U.S. firms in South Africa, or the Government in Pretoria, itself, to believe that the United States will come to the rescue of our foreign investments. Not only would that help defeat the development of sensible U.S. policies, and give South Africa the wrong impression of our intentions; but it is also not likely to preserve these investments when change inevitably comes.

As in Rhodesia, it is also time to make clear to all South Africans, both black and white, that we support peaceful transition to majority rule, that we will not expend our diplomatic support—and certainly not our blood and treasure—to preserve the white regime in power.

For South Africa, the sands of time are running out—not as quickly as for Rhodesia, but just as surely. Pretoria may therefore still have time to work out, through peaceful means, what may otherwise be sought through war. That government has shown some sensitivity to events in Rhodesia, through its efforts to encourage peaceful change there; it is time for it to show more sensitivity at home than it has so far shown; and time for us to aid in that process. Again, as in Rhodesia, the future for white South Africans within a pluralistic society will be far more promising if they work now for change, instead of having it thrust upon them later.

It will be far more promising if there is intensified communication among all parties in Southern Africa—trying to defuse conditions that are increasingly explosive.

Mr. President, I have been speaking today about a series of issues that have become more important for us than most Americans believed possible only a few short years ago—although some thoughtful Members of Congress long ago understood that issues of liberation, justice, and majority rule would decisively shape the future of Southern Africa, and our relations to all of black Africa.

Now many Americans are concerned about the role of Russia and Cuba in that region of the world. But that concern must not be seen as though it existed in a vacuum. Rather, it must be seen in terms of what we should long since have been doing to be on the right side in support of national liberation and self-determination. For in that way, we can reduce any opportunities for outside powers to meddle in African politics; we can create a set of policies that offer the best hope for averting widespread conflict and bloodshed in Southern Africa: We can place our relations with all of Africa on a firm footing.

Speaking in Boston recently, Secretary of State Kissinger said:

> We are convinced that when a vigorous response to Soviet encroachment is called for, the President will have the support of the American people—and of our allies—to the extent that he can demonstrate that the crisis was imposed upon us; that it did not result from opportunities we missed to improve the prospects of peace.

Without accepting his implication that there will necessarily be Soviet encroachment in Southern Africa—eliciting some U.S. response—I can say this most clearly: That today we have indeed missed virtually every opportunity to improve the prospects of peace; that the Secretary has defined precisely the failures of our current policies, and defined the standard for action that the State Department itself has failed to observe.

Mrs. Goler Butcher, chairwoman, of the Africa study group of the democratic advisory council of elected officials, has eloquently summarized the most compelling reason for the United States to develop sound policies:

> The challenge of Africa to the U.S. in the year of our Bicentennial is to redeem the principles proclaimed at our birth: Self-determination, liberty and justice. As the health of our nation in the post World War II era required that the U.S. begin to extend these principles to black people in the U.S., so the present era of global interdependence requires, if we are to continue growth and prosperity and the realization of our potential, that the U.S. begin to function as a partner with Africa and the rest of the developing world, and not as a condescending superpower.

Mr. President, America needs an African policy that clearly relates to the interests and concerns of both Africans and Americans. In this country, we proudly profess allegiance to the ideals of personal freedom and social justice, as the keystone of our Bicentennial celebrations. Then let us bring the spirit of that allegiance to our national policies toward a continent that bears one of the world's most promising hopes for the future of mankind.

United States of America

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GOVERNMENT ECONOMY AND SPENDING REFORM ACT OF 1976—S. 2925

Mr. MUSKIE. Mr. President, today on behalf of Senators ROTH, GLENN, BELLMON, and myself, I am introducing a bill which I hope will accomplish for all Federal programs individually what budget reform has begun to do for the Federal budget as a whole, that is, to lend a new element of discipline and cohesiveness to the way the Federal Government handles the American taxpayer's money.

Mr. President, I ask unanimous consent to add the names of Senators HUDDLESTON and NUNN to the list of cosponsors.

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

Mr. MUSKIE. A variety of factors have brought me to this point today.

First and foremost, I suppose, are the regular public opinion polls telling us that the American people have lost faith in their Government. People do not think they are getting their money's worth out of Government; people believe that the Government does not care what they think any more; the only Government worker getting high marks from the public is the local trash collector, because at least people know whether he is doing his job.

Mr. MUSKIE. A second factor has been my experience this year on the Budget Committee. If there is one point that has been brought home to me during my brief tenure as chairman of that committee, it is that during any given year, we have only a limited amount of resources to commit to solving serious national problems. There may have been a time when we could afford nearly a thousand different legislative solutions to a few dozen national problems—when we did not have to worry which programs were working and which ones were not, because we knew there was enough in the till for everyone.

Today, we no longer have those options.

Let me illustrate with an example from a General Accounting study of neighborhood health care clinics in the District of Columbia. In that study, GAO investigators found eight clinics in one neighborhood in the District, funded under several different Federal programs whose administrators were obviously unaware of what each other was doing. In several of these clinics, doctors were seeing only a handful of patients a day, while in many parts of the country the shortage of health care is critical.

I do not know whether this story is typical or not. What I do know is that as one who has strongly supported an increased Federal role in improving the quality of health care available to Americans, I am outraged by the waste this example demonstrates. I also know that the budget realities of today and tomorrow do not leave room for wasting scarce resources in this way. We cannot—and we should not—continue to keep paying for a system where one hand does not know what the other is doing.

The third factor which has led me to introduce this legislation is also related to my experiences with the Budget Committee—more specifically, to the tremendous successes we have had in our first year of operation.

Through the new budget process, Congress is finally beginning to regain control over the Federal budget—the most important statement of national priorities that we have. Yet it becomes clearer to me every day that even if the process works better than any of us had dreamed, that statement of priorities will not be complete unless we have control over the services which the budget is intended to buy.

Budget reform by itself is an essential element in regaining this control. Nevertheless, I have come to see the budget process not as an end in itself, but as a first step in a broader effort we need. Budget reform gave us a badly needed method for looking at the picture as a whole. The legislation I am introducing today will make us take a closer look at all the component parts of that picture, to insure that we are getting the most for the money we spend. It is a logical second step.

Why is such a second step necessary?

One way to answer that question would be to have a dramatic reading from the catalog of Federal domestic assistance. I think most of us would be astonished at what we heard: That we have 228 health programs, 156 income security and social service programs, 83 housing programs, et cetera, et cetera—that all in all, we have nearly 1,000 Federal programs, touching on virtually every aspect of life in these United States.

Or we could turn to the Federal Government manual, where we would discover that in addition to the 11 Cabinet departments, we require 44 independent agencies and 1,240 advisory boards, committees, commissions, and councils to run the Federal Government. In 1974 alone, 85 separate governmental bodies were created, of which only 3 were subsequently abolished.

Or we could look outside Washington, where we would find over 4,000 geographic program areas recognized under 24 different Federal programs—quasi-governmental units such as law enforcement planning regions—481—comprehensive areawide health planning agencies—195—air quality regions—247—and many more.

Or we could turn to the dozens of GAO reports and audits done every year, detailing the administrative chaos in Federal aid to vocational education or to the handicapped for example—or explaining how this Federal agency had no information on what it was spending on administrative costs as opposed to actual services.

We could do what I did in November, which was to hold a hearing in my home State on problems the people there have in dealing with the Federal Government. With only a few days advance notice, a 100 people turned out to talk about what was bothering them—how they had to wait a year and a half to get a ruling on their claim for disability compensation, or how it has taken their town 3 years to obtain Federal approval for a new sewer system they were required to build by Federal law.

What any of these exercises would tell us is that Government has become out of touch and out of control. And clearly this is a finding with which an increasing number of Americans would agree.

Almost 10 years ago, my Subcommittee on Intergovernmental Relations opened a series of hearings on our federal system. In my opening remarks, I posed a number of questions about the future of a "burgeoning governmental system," which had grown to over 170 Federal-aid programs, at a total cost of almost $15 billion. Among the questions I raised were:

What happens to a Federal program after it leaves the Congress?

Where is Congress going with the grant-in-aid programs? Will there be more proliferation of separate programs?

How well are Federal departments coordinating their programs and services both within their agencies and with other departments?

Today, hundreds of well-intentioned new programs and billions of dollars later, we still do not have satisfactory answers to those questions.

Even worse, we still have not solved the basic problems which prompted us to enact all these programs in the first place.

We have spent billions on health care, and enacted hundreds of health-oriented programs, yet we still have not cracked the fundamental problem—providing high-quality care at a price people can afford.

We have spent billions on education, only to find that our high school graduates are not learning even the basic reading and writing skills.

And we have spent billions on the problems of our cities, yet the root cause of those problems, defined so eloquently by the Kerner commission several years ago, still remains.

Solutions to these problems elude us not because we have not tried. But in too many cases we in Congress have satisfied ourselves with the rhetoric of legislation, leaving the hard work of implementation—from rulemaking to evaluation—to the executive branch. To put it another way, we in Congress have not paid enough attention to how well the programs we adopted were working—at least not beyond a cursory review every few years.

And now these years of inattention to performance are taking their toll, as we reap a bumper crop of public disenchantment with Government so unresponsive that it cannot even perform the simple day-to-day tasks that need to be done.

To be sure, Government inefficiency is becoming today's No. 1 villain. Horror stories about bureaucratic bungling make good copy, and I am sure that all of us, at one time or another, have been guilty of taking a ride on some well-intentioned Government worker's mistake.

But I think the time has passed when the American people will be satisfied with such press release exclamations of outrage. They are ready for hard evidence and real results that we are serious about making Government more productive.

The legislation I am introducing today is intended to produce these kinds of results. It will not do so overnight, nor in a very exciting way. Like budget reform, it focuses on the nuts-and-bolts operations that we in Congres are concerned with every day.

I offer this not as a suggestion that we abandon our commitment to solving the Nation's problems.

On the contrary, I offer this legislation in recognition of the fact that until we bring what programs we now have under control, we simply may not have the reserves we need—either in the budget or the public's trust—to pursue new legislative solutions to pressing national problems.

Out of my considerable concern that Government in Washington has become so big and unresponsive that it is dragging down many of the good programs I and others have worked for over the years, I introduce this bill.

The legislation I am proposing would do the following things:

First, it would put all Government programs and activities on a 4-year reauthorization schedule. All would have to be reauthorized every 4 years, or be terminated.

The sole exceptions to this mandatory termination provision would be payment of interest on the national debt, and programs under which individuals make payments to the Federal Government in expectation of later compensation—that is, railroad retirement, social security, civil service retirement, and medicare.

Second, the bill would establish a schedule for reauthorization of Government programs and activities on the basis of groupings by budget function. Programs within the same function would terminate simultaneously, so that Congress would have an opportunity to examine and compare Federal programs in that functional area in its entirety, rather than in bits and pieces. The schedule would be set up so that all of the functional areas would be dealt with within one 4-year cycle.

Third, the bill would reverse the assumption that old programs and agencies deserves to be continued just because they existed the year before, by incorporating a zero-base review into the reauthorization process.

Fourth, the bill would make maximum use of the timetable for authorization bills already required by the Congressional Budget Act, and it would encourage Congress to make better use of the program review already undertaken by the General Accounting Office.

Finally, the bill would set up a one-time procedure under which the GAO would identify duplicative and inactive programs so that congressional committees would be encouraged to eliminate or consolidate them, as soon as possible.

These provisions are explained in greater detail in a summary of the legislation following my introductory remarks.

I ask unanimous consent that that summary be printed at the end of my statement.

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

(See exhibit 1.)

Mr. MUSKIE. Mr. President, in offering this proposal, I am very much aware that as now written, it would dramatically alter the way we do business here in the Senate—and that therefore it will be the subject of considerable debate. So I would like to say at the outset that I am not wedded to all the particulars in this bill. I consider it a first draft—a starting point for consideration of what I think is one of the most important items of the congressional agenda this year.

We in Congress have, unfortunately, not escaped the public's discontent with its Government. The bill I am introducing today offers a way for Congress to respond rationally and constructively to the criticism that we are not in control of our own house.

It cannot and should not offer the promise of instant efficiency. But it does offer a stronger congressional voice in setting national priorities—out from under a suffocating bureaucracy which now has the upper hand in the fate of programs we enact.

And it offers us one of the few chances we have to clear out some deadwood and make room for a legislative agenda that is changing with the Nation.

EXHIBIT 1

SUMMARY AND EXPLANATION OF THE GOVERNMENT ECONOMY AND SPENDING REFORM ACT OF 1976

The Government Economy and Spending Reform Act of 1976 is designed to improve the degree of control which Congress exercises over the actual delivery of services to the American people, by requiring regular review and reauthorization of Federal programs and activities. It is designed to expand the budgetary options available to the Congress by redefining or eliminating ineffective and duplicative programs and permitting more creative and flexible planning of Federal efforts.

It would put government programs and activities on a four-year reauthorization schedule. All government programs and activities—permanent and otherwise—would have to be reauthorized every four years. Programs not so reauthorized would be terminated.

The only exceptions to mandatory reauthorization or termination are provided for programs under which individuals make payments to the Federal government in expectation of later compensation (Social Security, Railroad Retirement, Civil Service retirement, Medicare, etc.), and interest payments on the national debt.

Those programs and activities exempted from the reauthorization or termination provisions of the bill would still have to be reviewed every fourth year, with the exception of debt interest payments.

The schedule established by the bill for reauthorization of Federal programs and activities would follow groupings according to budget function. Programs within the same function would be reconsidered simultaneously, so that the Congress would have an opportunity to examine and compare federal programs for a particular functional area in their entirety, rather than in bits and pieces. The schedule would be set up so that all of the functional areas would be dealt with within one four-year cycle.

This measure reverses the assumption that old programs and agencies deserve to be continued just because they existed the year before, by incorporating the concept of zero base review into the reauthorization process.

It would make maximum use of the timetable for authorization bills already required by the Congressional Budget Act, and it would encourage Congress to make better use of the program review already undertaken by the General Accounting Office.

And the bill would set up a one-time procedure under which the General Accounting Office would identify duplicative and inactive programs so that congressional committees would be encouraged to eliminate or consolidate them.

SCHEDULED TERMINATION OF FEDERAL PROGRAMS

The requirement that all government programs terminate at least once every four years, with the exceptions listed above, is designed to give Congress a procedure for conducting a working oversight of all Federal programs and activities.

Even programs costing comparatively little would be subject to this process. It is especially important that programs such as entitlements be covered because those programs often escape thorough review of their effectiveness

The four-year limitation on authorizations should allow a sufficient accumulation of experience for testing the results and effectiveness of government programs. However, it is short enough to allow Congress to examine programs before they get out of control.

While the thrust of this legislation is to encourage congressional committees to review and reauthorize all of their programs on a four-year cycle, committees would have the option of authorizing programs for less than four years.

SCHEDULING OF PROGRAM TERMINATION

The legislation would change the date of authorization of all but a very few Federal programs, by limiting reauthorization to a maximum of four years. It would schedule termination, review and reauthorization of programs by budget function or subfunction. Beginning September 30, 1979, and over the subsequent four-year period, all programs and activities would be scheduled for reauthorization or termination, with those budget functions entailing the lightest work load scheduled first, and the more difficult ones scheduled toward the end of the four-year period. (See the schedule attached to this summary.)

The purpose of establishing the schedule by budget function would be to allow the Congress to take a close look at what the Federal government is doing in an *entire* policy area, rather than in bits and pieces as is the norm now. Programs and functions which overlap not only Executive agencies but also congressional committees would therefore be reviewed as a whole, instead of individually as Congress now reauthorizes most programs and activities.

To account for the possibility that certain legislative committees may be unable to meet the reauthorization deadlines because of the workload involved in particular functional areas, the legislation would authorize the Budget Committee of either house to report legislation providing for adjustments of the scheduled deadlines.

PROVISIONS FOR PERMANENT AUTHORIZATIONS

Under the bill all existing government programs and activities with permanent authorizations—excluding the exceptions mentioned above—would terminate according to the schedule of budget functions and subfunctions between September 30, 1979 and September 30, 1983 unless reauthorized, and would then be subject to the four-year limitation on authorizations.

The legislation does recognize that in some cases it may be difficult to identify permanent authorizations, and in others the four-year limitation on authorizations may be impractical. As a result, the legislation would require that by April 1, 1977, the General Accounting Office submit to the House of Representatives and the Senate a list of all provisions of law which establish permanent authorization for government expenditures.

That list should break permanent authorizations down by committee of jurisdiction, and for those funded in the appropriations process, by appropriations bills in which they are included. To the extent practicable, the GAO should also determine the amount appropriated for each permanently authorized program or activity over the preceding four fiscal years.

ZERO BASE REVIEW OF ALL PROGRAMS BEFORE REAUTHORIZATION

This legislation requires that the standing committees of the Senate and the House conduct a zero base review and evaluation of all programs and activities within their jurisdiction every fourth year The zero base review and evaluation must be conducted during the 12-month period ending on March 15 of the year in which that program is scheduled for reauthorization.

Unlike the practice which often governs present budget planning, the zero base review and evaluation would not assume that programs are to be funded in the next budget merely because they were included this year. As part of the zero base review, congressional committees would first make an assessment of the impact of having no new expenditures for a particular program, and then make an assessment of what level of program quality and quantity could be purchased at particular incremental levels of expenditures. For example, the evaluation may include an assessment of what level of program activity could be purchased at 75 percent of this year's expenditures as well as what level of program activity could be purchased at each additional 10 percent increment of expenditure.

In addition, in a zero base evaluation, congressional committees would be required to include:

1. An identification of other government programs and activities having the same or similar objectives, along with the comparison of the cost and effectiveness of such programs or activities and any duplication of the program or activity under review.

2. An examination of the extent to which the objectives of the program or activity have been achieved in comparison with the objectives initially set forth by the legislation establishing the program or activity and an analysis of any significant variance between the projected and actual performance.

3. A specification to the extent feasible in quantitative terms of the objectives of such program or activity during the next four fiscal years.

4. An examination of the impact of the program or activity on the national economy.

Each standing committee must submit a report to its House detailing the results of its zero base review and evaluation of a program on or before March 15 of the year in which the review occurs. Whenever a committee recommends authorization of a program similar to others it has identified, its report must include a detailed justification for the program it is authorizing and explain how it avoids duplication with other existing programs.

To assist the authorizing committees in conducting their zero base review and evaluations, the General Accounting Office would be required by December 31 of the year preceding to send those committees the results of audits and reviews and evaluations the GAO has conducted on the program to be reviewed. In addition, the committees could call upon the GAO or the CBO for whatever assistance they may render in the conduct of the zero base evaluation.

ENFORCEMENT OF ZERO BASE REVIEW REQUIREMENT

This legislation would require that congressional committees conduct a zero base evaluation of all government programs and activities scheduled for termination in a given year prior to reporting out legislation to reauthorize them.

To enforce that requirement, any bill which authorizes expenditures for any government program or activity would not be in order in either House unless the committee reporting it had submitted its zero base review and evaluation report on that program or activity.

The only exception to this rule would be in those cases in which a committee chooses to authorize a program or activity for less than four years. In those cases, every authorization bill would not have to be accompanied by a zero base evaluation. But the committee would still be required to undertake a zero base evaluation every four years, at the time of the program's scheduled termination and review, and must report a reauthorization bill in the year it completes that review.

EXECUTIVE ZERO BASE BUDGETING

The legislation requires that prior to submission of the President's budget message, the Executive Branch must conduct a zero base review and evaluation of all Federal programs and activities scheduled for termination in the upcoming year. The President would be required to submit the results of this review and evaluation along with his regular budget message.

TIMETABLE FOR ZERO BASE REVIEW AND EVALUATION

The timetable for the zero base review and evaluation of a government program or activity would be as follows:

December 31 of preceding year—GAO reports results of its previous audits and evaluations as well as requested information and analyses to standing committees.

December 31 of preceding year—CBO reports requested information and analyses to standing committees.

15th day after Congress meets in the year—President summits budget message, accompanied by results of zero base review and evaluation by Executive departments of programs scheduled for termination during upcoming fiscal year.

March 15 of the year—Standing committees complete zero base review and evaluation of program or activity and report to House or Senate.

May 15 of the year—Standing committees, under Congressional Budget Act, must report authorization legislation to its House.

CONTINUING REVIEW AND EVALUATION

The legislation would require the Comptroller General to make follow-up evaluations at least once every six months of any program that the General Accounting Office has reviewed and had found to have fallen short of its objective. Those follow-up reports must be submitted to the Appropriations Committees of both Houses and to the standing committee of each House which has jurisdiction over the program.

In addition, the legislation would require that the Comptroller General furnish both Appropriations Committees and the appropriate standing committees of each House summaries of any audits or evaluations the General Accounting Office has conducted involving programs or activities under their jurisdiction.

Finally, the legislation will require the President to include in his annual budget specific objectives for each program or activity and an analysis of how that program or activity achieved the objectives set out for it in previous budgets.

EARLY ELIMINATION OF INACTIVE OR DUPLICATIVE PROGRAMS

The legislation directs the Comptroller General to submit a report to Congress before July 1, 1977, identifying those government programs and activities for which no outlays have been made for the last two completed fiscal years and those programs and activities which have duplicative objectives.

The legislation further requires each standing committee of the House or Senate to follow-up on that report on or before May 15, 1978 with a view toward eliminating inactive programs and activities and eliminating programs and activities which duplicate other programs and activities or to consolidating duplicate programs and activities.

SCHEDULE FOR TERMINATION AND REVIEW OF FEDERAL PROGRAMS

CATEGORY NUMBER, FUNCTIONAL OF SUBFUNCTIONAL CATEGORY

Termination date, Sept. 30, 1979

050. National Defense.
150. International Affairs.
250. General Sciences, Space, and Technology.
750. Law Enforcement and Justice.

Termination date, Sept. 30, 1980

350. Agriculture.
400. Commerce and Transportation.
450. Community and Regional Development.
501. Elementary, secondary, and vocational education.
502. Higher education.
503. Research and general education aids.
604. Public assistance and other income supplements (Public housing only).

Termination date, Sept. 30, 1981

300. National Resources, Environment, and Energy.
550. Health.
600. Income Security (Except public housing in subcategory 604).
700. Veterans Benefits and Services.

Termination date, Sept. 30, 1982

504. Training and employment.
505. Other labor services.
506. Social services.
800. General Government.

Foreign Policy

United States of America

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Senate

SENATOR KENNEDY'S ADDRESS BEFORE THE OVERSEAS PRESS CLUB

Mr. HUMPHREY. Mr. President, I invite the attention of my colleagues to a major foreign policy address before the Overseas Press Club by Senator KENNEDY. With this speech, the distinguished Senator from Massachusetts has made an important contribution to the current national debate on the future direction of American foreign policy.

One of Senator KENNEDY's fundamental assumptions is that the United States must have a foreign policy which is both moral and pragmatic—a foreign policy deeply rooted in our tradition as a free people living in a democratic society. Although such an assumption should be implicit in any American foreign policy, Senator KENNEDY believes that much of the current public disenchantment with our foreign policy derives from a distinct lack of concern by policymakers for the democratic ideals on which this Nation was founded. As he surveys the way our foreign policy is made, the way it is articulated by our officials and its ultimate objectives around the world, the Senator finds that the moral dimensions of foreign policy have been often ignored. I agree with him only if this critical dimension is restored can the American people fully trust and support policies espoused by their Government.

In his analysis of America's place in the world, Senator KENNEDY discusses the issue of whether the United States has fallen behind the Soviet Union. I am in basic agreement with his assessment that the United States maintains superior strategic and conventional forces to the Soviets. As he states, the real challenge we face with the Soviets is to find constructive ways to limit the nuclear arms race through mutually negotiated arms control agreements. I share Senator KENNEDY's deep concern that we not let election years politics stand in the way of another SALT agreement.

If we are unable to negotiate a meaningful SALT II agreement, a new administration will have only 9 months to negotiate an agreement before the 1972 Interim Agreement on Offensive Missiles expires. I would hope that the President and Secretary of State heed this advice from Senator KENNEDY and others who believe that continued momentum in the control of strategic arms is a necessity for continued world peace.

Finally, Mr. President, Senator KENNEDY recognizes the critical need for greater American leadership in world affairs. He wants such leadership to be based on a strong domestic economy and he wants it to use American power in the task of building a more humane and prosperous world. There is no doubt that such a worthy goal is within our grasp if we only dare to try.

Mr. President, I ask unanimous consent that the text of Senator KENNEDY's address before the Overseas Press Club be printed in the RECORD.

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

ADDRESS BY SENATOR EDWARD M. KENNEDY

For more than a year many thoughtful Americans have called for a great national debate on foreign policy. The issue is now firmly part of the Presidential campaign; and every day there is new effort in Congress to understand the place of the United States in the world, and to shape effective policies for the future.

This debate comes none too soon. For now that the cold war is over—now that the tragedy of Indochina is behind us—we are a nation in search of guiding principles—a guiding purpose—that will help us meet the new and insistent challenges posed by a restless and changing world.

I believe that these guiding principles—this guiding purpose—can only be found through a basic effort to understand what is happening in the world, the impact of events on our nation, and the imperatives for thought, for decision, for action.

For a quarter-century after the Second World War, our foreign policy derived from a few simple facts: we emerged from the war the most powerful nation the world has ever known. The burdens of leadership—in rebuilding ravaged economies, in countering a Soviet challenge to our security and that of many other nations—fell almost entirely on our shoulders.

With a few exceptions—notably Vietnam—we succeeded at what we sought to do. Today, we have unsurpassed military strength. Europe and Japan have become towers of industrial strength. We have helped nearly a hundred new nations begin the long road to economic development. And we have even managed to move beyond the basic cold war confrontation with the Soviet Union.

It should be no surprise, therefore, that Americans are looking for new directions for new purpose. And success itself has bred new challenge. For as the cold war has waned, new centers of power and action have emerged on the world scene. Our power has not lessened, but that of other nations has grown. And a host of new problems—new concerns—has emerged: in the management of the global economy, and in insistent demands for greater economic justice on the part of developing nations. The wind of change is blowing everywhere and no one can shelter from it.

The debate we are just beginning thus raises a multiude of questions—about the imperatives of power; about what we can and cannot do—should and should not do—in the outside world; about new forms of acting, and a new selectivity about any involvement at all in the affairs of particular nations.

But of all the questions that are raised, two have assumed central importance in this year's Presidential campaign: can we, as a nation, continue to act in our national interest in the outside world? Can we—will we—meet each and every challenge posed by the growth of Soviet military power and involvement in the outside world?

This is not the first time the United States has been faced with similar questions. After the First World War, we rejected responsibility; after the Second, we accepted it. Can we—will we—again accept those responsibilities that are inescapably ours to bear?

I believe the answer is a clear and decisive "yes". The American nation has the capacity to act; and the American people have the will to do so.

It is only the terms of this action—the where, the how, the why—that is at issue.

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Here is the source of today's questioning about American foreign policy—here is the source of insistent demands for a fundamental debate about our future course in the world. For as the old certainties of the postwar world have been left behind—as other countries have grown in power and other challenges have emerged—there is no clear set of ideas and principles to bind together our foreign policy; no basic inspiration that speaks to the hopes, the ideals, the understanding of the American people.

I believe that our difficulties, today, do not derive from any lack of national power—in any of its forms; rather it comes from a widespread sense that our foreign policy is too often conceived and implemented without due regard for our fundamental purpose as a nation.

Too often, this underlying dimension of foreign policy—this deeper moral sense—is left to last—or ignored altogether. Too often, the expediency of power has become an end in itself, untempered by a sense that power is only a means, and not the end, of national purpose. Too often the American people have become confused by policies that seem to conflict with the goals we proclaim for our nation in the world. It is therefore no surprise that other nations become equally confused by those American actions that seem to belie our own self-interest, that do not reflect the capacity of our nation—of our people—to help shape a vision of the future in which all people can share.

In this bicentennial year, we remember our unique heritage as a nation—the ideals we ceaselessly pursue whatever the failures, the setbacks of the moment. And we must ensure that American involvement in the outside world also reflects what is best in our heritage, and in ourselves.

Only in this way can we expect that the American people will support the foreign policy—any foreign policy—of this country. Only then can our military, economic, and political power regain the moral support of our people that alone turns power into strength.

For what lies behind the call for debate on foreign policy is a lesson that derives equally from the two great national crises of our time—from Vietnam and from Watergate.

This is a lesson of leadership: the most basic responsibility to maintain the bonds of trust between American leaders and our people that weave the fabric of government . . . the "consent of the governed." In both Vietnam and Watergate our leaders failed to heed this lesson, at great cost, not just in those areas, but throughout our national life. And only by coming to terms with these two crises . . . and their lesson . . . can we come to terms with our future as a nation.

Yet in this sense, we can use our experience in both Vietnam and Watergate—in today's debate on domestic and foreign issues—to recreate the fundamental trust of our people for their government. Our democratic institutions eventually *did* meet the challenge of both Vietnam and Watergate; now we must use that experience to strengthen our institutions of domestic and foreign policy.

The *way* in which U.S. foreign policies are made, therefore, is just as important as *what* they are.

There can be no effective Administration action in foreign policy at all unless the people's representatives in Congress are fully involved in shaping the underlying principles of our involvement in the world. There can be no effective action unless the American people understand and support the moral well-springs of our policy.

Thus there is no inherent conflict between the Congress and the Administration in foreign policy. There is no paralysis of American will and action, as some of our leaders have charged. While many Members of Congress have tried to restrain excessive growth in military spending, the Congress has backed real increases in the defense budget. And last year we approved every single major weapons system, except for the unneeded and useless ABM.

We support vigorous efforts to control the arms race, and to reduce risks of conflict within the Soviet Union.

We support the search for peace in the Middle East; and steadily improving relations with the Peoples' Republic of China.

We have taken the lead in trying to strengthen the U.S. economy and hence our vital alliances with Europe and Japan.

We led in supoprting the democratic experiment in Portugal; and we have led in the effort to restructure the global economy, through positive efforts including rich nations and poor alike.

Congressional challenges in Cyprus, Angola, and over the abuses of the CIA are not national paralysis: they are an assertion of good sense and moral concern, a necessary complement to strong Congressional support for every vital American commitment.

In many of these areas, the Administration has accepted the Congressional position as the wisest course for American foreign policy; in others the Congress has accepted the Administration's lead; in still others the debate continues. The system is working as it should—as the Constitution provides.

The congressional role is not a challenge to Administration prerogatives in the day-by-day conduct of foreign policy; it is rather an essential link in the chain of debate and decision. It will not weaken the United States, at home or abroad. It will strengthen us, both in our own eyes, and in the eyes of other nations.

The role for Congress goes beyond necessary involvement in those issues that do not respect lines of division between foreign and domestic concern—issues like food and fuel and trade and the law of the seas. It is a role in understanding the basic purposes of our nation.

At the same time, we should not seek to recreate a national consensus on every policy. In a world that is increasingly complex—where the pluralism of our domestic life affects issues that involve us both at home and abroad—no rigid doctrine covering every subject is possible; it is not even desirable. But a basic sense of direction is not only desirable, it is imperative—if the people of the United States are to lend their support to any foreign policy of any Administration—to give again their trust to their leaders.

This issue goes to the heart of the Congressional concern over obsessive secrecy in foreign policy—and Administration concern with leaks. For recreating trust in our basic purposes means that fundamental issues can and must be fully debated in the open. And if this is done, the incentive to leak secrets that must be kept for our national security would simply fade away.

I am confident that we can rebuild that basic trust; that our leaders can regain the confidence of the American people; and that as a nation we will then respond to the challenges of the future.

Creating a foreign policy that has deep roots in our beliefs as a nation requires allegiance to a number of specific principles.

First, and most important, we must continue to meet the imperatives of power: but only where this power is a means to preventing war—most important a nuclear war—and to securing the peace. For this is a moral as well as a practical responsibility: the highest responsibility of our foreign policy.

It is clear that the United States must continue to meet real threats to our security, and to that of other nations vital to us.

We have built the military strength we need to achieve this goal; and I have no doubt that we will continue to do so. But simply increasing the defense budget is not the answer; making raw comparisons of numbers in the military strength of the Soviet Union and ourselves tells us little of what we need to know. For the fact is that we remain the strongest military power on earth—and no artificial inflating of Soviet defense spending, no casting of dark fears for the future—can alter that fact.

What is the balance of military power with the Soviet Union?

We have nuclear power at least equal to theirs . . . while we have three times as many warheads. Our nuclear power is far greater than we need—with a capacity to destroy each major Soviet city nearly 40 times over. A single Poseidon submarine could destroy 160 cities, each with warheads three and a half times the size of the Hiroshima bomb—and we have thirty-one Poseidon boats.

We have the most powerful navy in the world, with a firepower and reach that is the envy of the Soviet Union. While we have fewer ships than we have had in the past, they pack a punch that was almost inconceivable only a few short years ago; and that is unavailable to the Soviet Union now.

The Russians maintain more men under arms—as they have always done, except at the height of the Vietnam War. But that advantage is diminished by the great Soviet commitment of forces to the Chinese front; by the rapid turnover in Soviet draftees; by the need for garrison forces in Eastern Europe; and by our superiority in the quality of weapons and manpower that the Soviet Union simply cannot match.

And along with our NATO Allies, we have almost as many forces in Europe as the Warsaw Pact—forces and a military doctrine that would make a Soviet attack an act of madness, and bring inescapable ruin on the Soviet Union.

Therefore we must understand clearly the true nature of threats to us and to our friends and allies abroad; then build and maintain the forces we need.

This includes breaking the bureaucratic hold of particular interests in the Pentagon that would give us a B–1 bomber—even while seeking cruise missiles; that would give us more nuclear ships—and more aircraft carriers we do not need for the world of the 1980s—instead of attack submarines and smaller surface ships. Increasing the size of the defense budget will give us no extra strength, if what we buy, is not relevant to what we need.

This year, the President has asked for an increase in the Pentagon budget of 14 billion dollars—including 7 billion dollars for real growth.

The Pentagon even included 3 billion dollars as insurance against Congressional cuts. Unfortunately, in this election year, the Congress has not even taken away this unneeded spending.

This afternoon, there will be an effort in the Senate to reduce the budget ceiling for the Pentagon by 2.6 million dollars. I believe that this is a basic step towards the right priorities; and it will still give us more money than we need to build the forces we need.

More important, it is deeply disturbing to hear once again a Pentagon rhetoric to justify the defense budget that grossly inflates Soviet strength, and deflates our own. Not only does that rhetoric distort the facts; but it also is helping to erode basic understandings about the imperatives of working to reduce conflict with the Soviet Union now and for the future. Indeed, the inflated size of the defense budget is less a problem than the terms in which it is justified.

The fact is that we must live together on this planet with the Soviet Union—whatever conflicts of interest and of ideology divide us, and will contine to do so. Neither nation can hope to win a nuclear war: for

in such a war, there would be no winners—there may even be no survivors.

A critical charge on our efforts must be to seek real and positive controls on the nuclear arms race and a reduction of those tensions that could otherwise lead to mankind's final war.

We have done much to achieve this goal—including a series of arms control agreements that began with the Limited Test Ban Treaty of 1963. And these agreements are clearly in our national interest.

Now discussions continue to reach a new SALT agreement. Yet there are voices counselling us to go slow, to delay, because of the Election Campaign and the risks of corrosive debate.

I believe that the next SALT agreement is too important to be a casualty of election politics. When an Administration is inaugurated next January, there will be only nine short months in which to replace the 1972 Interim Agreement on Offensive Missiles, before it expires. That is simply too much risk to take with the hopes and fears of mankind. The conclusion last week of the Threshold Test Ban—including some on-site inspection for the first time—shows that arms control can more forward. And I believe that the Senate oft he United States would ratify a SALT agreement this year that genuinely advances our interests in arms control. And we should press on to a Comprehensive Test Ban Treaty.

At the same time, I am deeply concerned about a new weapons development—the strategic-range cruise missile—which could make far more difficult any future efforts to bring the arms race under control. When we begin deploying this evolutionary new weapon, the Soviet Union will inevitably follow suit, and the nuclear spiral will rise out of control once again.

For this reason, in February I joined with Senators Humphrey and Javits in proposing that we offer to the Soviet Union a mutual moratorium on flight-testing of these cruise missiles: until such time as the issue is resolved at SALT. In this way, following the precedent set with nuclear testing in the early 1960s, I believe we can create the climate needed to reach firm understandings with the Soviet Union on this new weapon. But if we do not reach those understandings, the resulting problems of verifying and counting nuclear weapons may require a whole new approach to the SALT talks, or there will be no arms control at all.

A rapid conclusion of the next SALT agreement is vital for another reason—a compelling practical and moral reason. For if the United States and the Soviet Union do not back away from their futile competition in overkill, they will only increase the incentives for other nations to build the bomb. It does not take the Soviet and American arsenals—equivalent to more than a million Hiroshimas—to wreak a Hiroshima: It takes just one bomb in the hands of a country disposed to use it. Yet both we and the Russians are helping to bring about just such a world of madness, by failing to take the opportunities we have to end our own nuclear competition, once and for all.

Our need to develop relations with the Soviet Union does not end wtih strategic arms control. For it is clear that there are many other areas in which we must try to regulate competition:

We need to work more purposefully towards the mutual and balanced reduction of forces in Europe;

We need to challenge the Soviet Union to a practical commitment to peace in the Middle East;

We need to draw the Soviet Union more deeply into those economic and commercial relations with the West—which are in our own economic interest, and with due regard to issues of human rights—as part of a long-term effort to shape Soviet foreign policy in benign ways;

We need to draw it into sharing responsibilities for meeting the great global problems facing mankind—in food, fuel, the law of the seas, population, the environment, and the oldest scourge of all: the poverty that afflicts most of the world's people.

And we need to make clear to our allies in Western Europe, to the nations of Eastern Europe, and to the Soviet Union, itself, that we take seriously the Helsinki Agreement.

There is one particular area where immediate action is needed. Three days from now, moneys appropriated last year for construction of the US naval base at Diego Garcia will be released. Yet this money was originally impounded by the Congress in hopes that the Administration would approach the Russians directly, to seek control over future military and naval deployments in the Indian Ocean. I am deeply concerned at the lack of visible signs that approaches have been made. We are still waiting for the President's report on efforts to raise this issue with the Russians. For on the basis of my own talks with Soviet leaders in Moscow, I believe that this is an area where we can make real progress—where we can head off yet another arms race, and reduce tension in yet another area of the world.

In recent months, there has been a widespread debate about the word *détente*. I believe it is healthy to question each and every aspect of our relationship with the Soviet Union—reaching agreements in our mutual interest where we can, meeting Soviet challenge where we must. It is important that the Russians understand the consequences of their actions.

They must understand that the process of our building relations with them cannot and will not go on in isolation from what they do in the outside world. Their involvement in places like Angola—or ours in Vietnam—inevitably makes it more difficult to reach understandings elsewhere, that can reduce the chances of conflict between us.

But we must not permit the air to be poisoned with artificial debate about an abstraction—we must not deny the real benefits we have gained—the ABM Treaty, the Offensive Missiles Agreement, reduced tensions in Europe, and the reduced threat of nuclear war. For if we do so, we may be unable to seize real chances to further reduce tensions; to further regulate competition; and to gain a final end to the nuclear arms race. And no one would forgive us—or the Russians—for opportunities lost to move the world away from war.

As we seek to influence the future course of Soviet policy, we must also see clearly where our interests are truly at stake—as in Europe, Japan, the Middle East, and Latin America—and where they are not. It is clear to me that in seeking to become involved in Angola we did nothing to advance our larger purposes. Had the Congress not acted as it did, we would have placed ourselves on the wrong side in southern Africa. We would have been remembered there only for having supported the white-dominated regime of South Africa.

Nor do I believe that we lost any opportunity to shape Soviet policy in the future; or advertised that our national will was weak. For showing friend and foe alike that we have the will to defend our vital interests—and those of our friends and allies—does not mean matching the Soviet Union in self-defeating adventures in far-off corners of the world. Rather it means showing that we know the difference between important challenges to our interests, and actions by the Soviet Union that do not have a significant impact on those interests. If our will is now being questioned abroad, it is a self-fulfilling prophecy. It can only be undone by the Administration's showing it understands where it is important to act, and where it is not.

In southern Africa, we can help deny future opportunities to the Russians and Cubans by recognizing that a moral policy—support for majority rule—is also in our self-interest. There is little merit in now issuing warnings to the Cubans, when a practical alternative lies in finally building a policy for southern Africa that is in our interest, and in the interest of that region's future, as well.

The Administration's Angola policy was also a vivid example of the wrong way to conduct foreign policy, in the interests of gaining the trust of the American people. Covert action and a misperception of American interests: This was a sure recipe for losing the confidence of the American people; and for needlessly raising doubts about American purpose in the minds of our friends abroad.

Let there be no mistake: The American people will stand behind our vital commitments, because they share a common understanding about what is most important to us. But they will not support policies unless they reflect our interests, and are decided in a way that is consonant with our democratic process.

As part of a foreign policy that will gain the firm support of the American people, we must be directly and vitally involved in the search for peace in areas where we have deep and legitimate concerns. Above all, this means continuing our efforts to help bring peace to the Middle East—to help lift the yoke of continuing conflict from the shoulders of Arab and Jew alike.

The support of the American people for peace in the Middle East—and for Israel's security—is real and deep. Progress has been made in the Sinai agreement; and we must miss no opportunity to move forward.

We must also be prepared to offer our good offices in the interests of peace—as in Lebanon, today. Yet at the same time, we must not act anywhere in ways that will make conflict more likely. Today, we are clearly violating this principle by contributing to the massive flow of weapons to the Persian Gulf and elsewhere in the developing world. Instead, we must work with arms buyers and sellers alike, to prevent new arms races that could lead to bloodshed, untold human suffering, and the risk of direct U.S. involvement in local conflict.

Our involvements of any kind must be selective; they must involve interests of the United States that are clear to our people; they must be turned in the direction of peace. I believe the American people will support this approach to American involvements; but they will rightly reject an approach that exaggerates our interests, that involves us where we are not wanted, that frustrates efforts for peace.

A foreign policy that has a true popular basis must also go beyond these concerns with power and peace. It must also enable us to play our part in meeting the great economic and other challenges facing this country—and all of mankind. While we must meet the demands of our relationship with the Soviet Union, we must not be so preoccupied with these issues that we neglect our allies, overplay the significance of great power politices, and ignore both the problems and the possibilities that exist elsewhere in the world. We also risk exaggerating the significance of the Russians' military power, and both missing the significance of its economic weakness, and our own political, economic, and moral potential as a nation in the outside world. It is not the Soviet Union that is able to work to restructure the global economy, involving both rich countries and poor. It is not the Soviet Union that is grappling with problems of an interdepent world: It is the United States.

Yet we have missed the critical opportu-

ties—particularly in our relations with Western Europe and Japan. Two years ago, the energy crisis hit other industrial states far harder than it did us. And the US recession exported unemployment to those countries, following unprecedented inflation.

But we have not used the last two years as effectively as we could to build new political, economic, and energy relations with our partners that will sustain and promote a vital cooperation for the future.

We must understand that much of the uneasiness in Europe and Japan about American national will does not relate to our actions in Vietnam or Angola, but rather to a neglect of esesntial ties—both political and economic—and of underlying issues.

We need to revive the US economy, which is still the world's leading engine of economic growth.

We must end our ambivalent attitude towards the European community, and finally give it our strong and unwaiverng support.

We must do our part in meeting the problems of energy, where we lag behind in the vital area of conservation;

We must challenge our trading partners to join in avoiding a new surge of protectionism, in which all of us would lose;

And we must lend our support—but not our warnings—to European efforts to grapple with problems facing countries like Italy.

We can help: through our own economic recovery; through major economic support for Italy; and through showing a basic confidence in our European allies' good sense . . . in their deep devotion to democratic values.

Our economic relations with the outside world begin with our industrial trading partners—but they do not end there. For we find in our own backyard—in Latin America—a continued estrangement, because of paternalistic policies, that strikes at our vital interest in the development of that continent and its many peoples. A long-delayed trip by the Secretary of State, after 7 years of Administration neglect towards friends to the South, cannot by itself right the balance. We have yet to define a policy that reflects our own preference for democratic governments which are committed to social justice—a policy that rejects intervention like that in Chile which sullied our image—a policy that reflects the wide diversity in development which is the reality of the hemisphere today.

There is something wrong with a policy which accords a government, like that in Brazil, primary visibility in the hemisphere, while human and political rights in that nation continue to be abused. And there is something wrong with a policy that has permitted military aid to be a major fulcrum of our influence and involvement in the hemisphere.

We are still distant from a policy that responds to the development needs of the hundreds of millions of poor people in Latin America.

We also find in Africa and Asia a similar rise in the aspirations of people that will not be denied. And we find a world of growing interdependence: where far more countries are important to us than ever before; where human concerns are uppermost in people's minds.

After two years of fruitless efforts to confront the oil-producing states, the Administration last year finally agreed to pursue a cooperative approach with nations of the developing world. The results have been remarkable. At the North-South Conference last December, and in meetings since then, rhetoric has been replaced with reason; acrimony with a desire for common action. Together, developed and developing states have taken the first steps towards forging a basis of common understanding on the problems and the interests which are shared by rich nation and poor alike.

The rebuilding of the global economy will also benefit us through benefiting more nations and peoples than ever before. It will not happen overnight. It will require give and take on both sides. And it will not be without sacrifice. Yet the alternative is a world of growing anarchy—a world in which the demands of the disadvantaged reduce even our ability to sustain our own prosperity. For it is now clear that the United States is firmly, finally, and forever involved in the global economy. The possibility of an economic Fortress America has been ended just as surely as our military Fortress America was ended forever in the Second World War. Isolationism may remain a slogan for a few; it is a practical policy for no one.

A forthcoming approach to the demands of interdependence also reflects our moral interest in the outside world. It contains the basis for support by the American people, reflecting our values as a people. Meeting the challenges of interdependence—responding with generosity to the have-not people of the world—is part of the same American spirit that led us to begin the Marshall Plan, and to provide help without precedent to the developing world. This is an effort worthy of our ideals as a nation; it involves the energies of our people, on the farm and in the factory; and it is clearly and firmly in the pursuit of peace.

As we look beyond the importance of power—the demands of interdependence—there are other principles for a foreign policy that can engage the moral concerns of the American people—that can meet the demands of the late 1970s.

We must understand that particular acts of our nation—based on moral grounds—can also be in our direct self-interest. This is clearly true in Southern Africa. It is true in Southern Europe, where our support for dictators in Portugal, Spain, and Greece struck at European efforts to increase security, in the broadest sense, through a community of democratic states. And our support for democratic efforts in Portugal today is vital to the future of European society. The coincidence of moral and self-interest is also true in Korea, where systematic repression erodes American public support for that nation, and threatens to erode Korea's cohesion and security. By contrast, our support for human values in South Korea is not only right, it is also likely to strengthen that nation.

We must also increasingly seek to understand other countries in their own terms, instead of seeing them as extensions of American experience. This is a responsibility shared by all our institutions—by government, our schools, the media. For it is clear that our continuing involvement in the outside world—and the need to be selective in our involvements—requires far more understanding than ever before of other nations and peoples.

We must increase public education about the demands of power in the modern world; but at the same time increase the education of our leaders about the equally compelling demands for a moral basis to policy and action.

We must demonstrate our concerns—at home and abroad—for basic issues of human rights. But at the same time, we must not over-estimate our ability to act; ignore the dilemmas that often arise; or seek to impose our own form of society on other nations.

We must abandon our belief that everything that happens in the world affects us, and that our influence or involvement can everywhere be decisive. A foreign policy that can gain the support of the American people must be as precise in limiting U.S. involvement as in accepting it.

And we need to understand an entirely different aspect of our foreign involvement: that undertaken by individuals and institutions outside the government. This applies especially to corporations abroad—where their impact on particular nations can be just as decisive as actions by our government itself. Here, too, an effective foreign policy must have a moral dimension, as part of the overall fabric of our relations with other states and peoples.

Finally, we in the United States must recognize our great potential for leadership. In today's world, this often means leadership shared with other nations; but our responsibility is no less real.

As I have travelled to many nations around the world, I have been impressed by the widespread belief in our basic political and economic strength; by the search for American leadership in meeting the great global issues facing mankind; by a continuing sense that this nation can inspire others to great deeds.

In view of the storms we have weathered in recent years, it may be natural that I often find a greater confidence in the United State—in our potential for leadership and constructive effort—when I travel abroad, than when I hear America characterized by many of our leaders.

For despite the tragedy of Vietnam—despite compromises with expediency or to meet the demands of power—we must recall what the American experience has meant to the world. This is the nation whose gallant men of Lexington and Concord fired the shot heard round the world: The nation Lincoln called "the last best hope of mankind"; the refuge for tens of millions of people fleeing oppression abroad, and seeking a new beginning; the nation whose ideals—if not always whose actions—still inspire hope in men and women in the farthest corners of the most distant land.

Our own experience has been tempered by tragedy, by the burdens of responsibility, by a foreign policy that has too often been cut loose from its deep moral roots. Yet in that experience of two centuries the seeds of common cause with the rest of mankind remain. We are not a people too paralyzed to act in the outside world; too preoccupied with our own problems; too calloused by the past. Rather we are a people whose time of inspiration, of leadership, is still unfolding; a nation of basic strengths requiring only a renewed sense of moral purpose to lead us to new greatness in the future.

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United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Accelerating Capital Formation Means a Higher Standard of Living—More Jobs and Higher Real Wages

SPEECH

OF

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, July 28, 1975

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 60 minutes.

Mr. KEMP. Mr. Speaker, there are two ways to guarantee productivity and prosperity.

On one hand, the workers can work harder and longer.

On the other, we can have more and better tools.

Given those two options—and with a strong personal belief that every American wants to improve our standard of living, so our children will have a better life—I have been at the forefront of efforts to renew America's commitment to guaranteeing enough investment capital to buy the tools we must have to increase our productivity and to create jobs.

Look at the past 200 years—or even the past 100 years—of our history. Compare the standards of living then with today. The average American family today enjoys a standard of living which, only a century ago, was not dreamed of. The things we taken for granted today were not even invented then.

One hundred years ago, men and women were working 12 to 16 hours a day and 6 or more days each week. Child labor was common. Horses were drawing the coal from the mines. Electrical power was only at the threshold of being harnessed. The internal combustion engine was in its infancy. Machines were only beginning to come into substantial use. And, the use of these machines created jobs; it did not eliminate them.

Prosperity reached a level never known in the world's history. Worker's wages reached a level unprecedented in any economy.

This happened not because we worked longer or harder—leisure time today is unparalleled in any society—but because we had better, more efficient tools.

The foundation for this prosperity was capital—the funds with which to build plants and buy and replace equipment. It is capital and its system—capitalism—that has helped more than any other factor to improve our standard of living. Without that capital, the American worker would not produce more and better things per hour of work than the serfs of feudal days. He would not earn more. And, he, like them, would live on a thin line of existence.

All measures which preclude adequate capital formation or even cause capital decumulation are, therefore, both antilabor and antisocial in effect. They are antilabor in the sense they destroy or threaten jobs. They are antisocial because they reduce our ability to resolve human problems.

Proof of this abounds.

James Watt, the inventor of the steam engine, which started to revolutionize the modern world, and those who followed him in the competitive struggle to make a better engine and sell it for less, did more to take women and children out of the coal mines and off the towpaths of the canal boats, more to take children out of the factories, than all the 19th century social activists combined. Yet Watt would be unknown today if a man named Matthew Boulton had not risked $150,000 of capital on Watt's invention.

Aluminum was so expensive in 1870 that Napoleon III of France had an aluminum table set for state dinners, for it was more valuable than gold. Today, aluminum is found in all American kitchens, no matter how humble.

As far back as the Second World War, it was estimated that electric power alone in this country was performing the work equal to the labor of half a billion men—500,000,000—working 8 hours a day—4 billion man-hours per day. It would be many times that by now.

Just 100 years ago, it took a week to produce the same amount of wheat that today can be produced with just a single hour of human labor. What did it? The steel plow, tractor, harvester, better seed and cheap transportation. Coincidentally, it is American wheat that today is asked to feed those nations that adopted the anticapitalistic views of Karl Marx.

All the inventions of Edison, Ford, Whitney, McCormick, Steinmetz, and all the other countless inventors of the age would have been for nothing, if it had not been for the investment capital it took to get those inventions onto the production line and into our homes and factories. It has been more and better tools, representing capital investment, that has made the difference in the conquest of starvation.

Capital is the key to tomorrow's growth, as much as it has been to our past growth, prosperity, jobs and freedoms.

TAX REFORM SHOULD FOCUS ON CAPITAL FORMATION

In March of this year I introduced a bill, the Jobs Creation Act of 1975, a bill designed to accelerate the formation of capital needed to assure a growth in jobs and productivity—a growth in prosperity. The act, most recently reintroduced as H.R. 8053, is now cosponsored by over 80 Members of the House, and support for its enactment grows daily.

I testified last Friday before the House Committee on Ways and Means in support of tax reforms designed to foster capital accumulation more quickly.

I use this opportunity to bring to the attention of my colleagues the points I made in that testimony.

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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

Vol. 122 WASHINGTON, TUESDAY, APRIL 27, 1976 No. 59

Senate

THE NATIONAL CONSUMER COOPERATIVE BANK BILL

Mr. WILLIAMS. Mr. President, S. 2631, the national consumer cooperative bank bill, of which I am sponsor, has been the subject of recent hearings before the Senate Committee on Banking, Housing and Urban Affairs.

At our committee's hearings we have heard from a wide variety of witnesses most of whom supported this consumer-oriented proposal. S. 2631 would, at very little cost to our taxpayers, allow people from all walks of life to obtain financial services at modest costs.

Two of the most compelling statements in support of this legislation were made by Mr. William R. Hutton, executive director of the National Council of Senior Citizens and Mr. Ralph Nader. Both of these individuals and their organizations have over the years been leaders in urging the Congress to enact legislative proposals which would provide a better way of life for all of our Nation's citizens.

Mr. President, so that all Members of this body may have the benefit of Mr. Hutton's and Mr. Nader's views on S. 2631, the national consumer cooperative bank bill, I ask unanimous consent that their statements be printed in the RECORD.

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

NATIONAL COUNCIL OF SENIOR CITIZENS, INC.,
Washington, D.C., February 12, 1976.

HON. FERNAND J. ST GERMAIN,
Chairman, Subcommittee on Financial Institutions Supervision, Regulation and Insurance, Committee on Banking, Currency and Housing, U.S. House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR CONGRESSMAN ST GERMAIN: At a recent meeting of the Executive Board of the National Council of Senior Citizens, our Board adopted the enclosed resolution dealing with the creation of a National Consumer Cooperative Bank.

We support specifically the proposal for such a National Consumer Cooperative Bank, contained in S. 2631, H.R. 10763 and H.R. 10831, introduced in Congress by Senator McIntyre, Congressman George Miller and yourself. These bills propose a relatively small government investment that would be repaid gradually, rather than a handout, and would make an important contribution, permitting older people to obtain the kind of financial services, at more reasonable costs, that they need to deal with fiscal emergencies that arise for persons living on fixed incomes, because of continually rising prices caused by periods of rapid inflation.

We see legislation of this sort as enabling us to more adequately manage our fiscal affairs in such fields as housing, health, eye care, auto repair, food and credit.

We urge early action on this legislation and are committed to rallying support toward securing such action.

Sincerely,

WILLIAM R. HUTTON,
Executive Director.

RESOLUTION OF THE EXECUTIVE BOARD OF THE NATIONAL COUNCIL OF SENIOR CITIZENS

Senior citizens living on fixed incomes are hit hard by inflation. The untold devastating effects which inflation has on such citizens are often not publicly visible. Decent housing, nutritious food, adequate health care, basic services and an opportunity to enjoy life and to contribute even more to society are the desires and the right to citizens who have contributed so much already to our country.

Self-help cooperatives in a variety of fields have proved that they do provide decent housing, quality health care, and other goods and services to members at reasonable cost. Cooperatives provide opportunities for democratic participation in the affairs of the enterprise. The organization and sound development of cooperatives to serve our citizens has been hampered by the lack of technical assistance and the existence of lenders sympathetic to the formation of such self-help cooperatives.

Having reviewed the proposed legislation for the creation of a national consumer cooperative bank, we find it consonant with our purpose, practical in its conception, and sound in its fiscal requirements. Realizing the benefits which would accrue to our members and the public welfare of our nation through the enactment of such legislation we unanimously endorse the creation of a national consumer cooperative bank.

STATEMENT OF RALPH NADER ON THE CONSUMER COOPERATIVE BANK BILL BEFORE THE SUBCOMMITTEE ON FINANCIAL INSTITUTIONS, SENATE BANKING COMMITTEE

Mr. Chairman, thank you for your invitation to comment today on S. 2631, the Cooperative Bank Bill. Congress is often criticized for renewing programs that have failed. But Congress ignores experience in a quite different way as well—by failing to apply the principles which underlie its past successful programs to current problems.

One of the most successful of all Congressional programs has been the Farm Credit System. As part of this system, Congress created the banks for farm cooperatives in 1933.

S. 2631 creates a bank for consumer cooperatives. This proposal is modeled on the bank for cooperatives of the farm credit system, which last year made loans amounting to $8.9 billion. The cooperatives incrementally took over ownership of the bank when they completed repayment of the government's "seed money" in 1968. Eventually, the consumer cooperatives will own the bank created in this proposal.

In 1933, Congress recognized the farmers' desperate need for credit and technical assistance the cooperative method provided for farmers to help themselves. Congress recognized that by lending cooperatives the money to create a bank which they would eventually own, farmers would be given a new faith in the private sector to replace that which was destroyed by drought and depression.

This bill finally provides consumer cooperatives with a source of credit. It charters a National Consumer Cooperative Bank that will encourage the development of cooperatives. The federal government will supply the seed capital through preferred stock sold to the U.S. Treasury, which would gradually be replaced by private capital from the borrowers of the Bank. Initially, the President will appoint the 13 member board of directors who will be replaced by cooperative representatives as the cooperatives' holdings in the Bank increase.

The bill also creates a Cooperative Self-Help Development Fund to support undercapitalized cooperatives by providing them with low-interest loans, loan guarantees, or supplementary interest credits or payments. This Fund would be administered by the Cooperative Bank and Assistance Administration. The Administration would also provide technical assistance to cooperatives whose members need training and advice to better organize and operate a cooperative. At present, no organization has the capability of fulfilling the technical needs of consumer cooperatives. Many co-ops, unable to obtain the advice routinely given to profit-making businesses by banks and the government, have folded, and many, many more have never even gotten off the ground.

The financial and technical demands of some types of cooperatives have been quite successfully met through special financing associations and technical assistance agencies. Farm Cooperatives have flourished since the creation of the Banks for Cooperatives in the Farm Credit System and the Farmer Cooperative Service and Extension Service in the Department of Agriculture. Electric cooperatives have been aided by the National Rural Utilities Cooperative Finance Corporation and the Rural Electrification Administration. And credit unions are assisted by the National Credit Union Administration. Although these financing and technical assistance agencies were created at times of considerable apprehension about the credibility of farmer, electric, and credit cooperatives, they have enabled cooperatives to play a significant role in the U.S. economy today.

Since the purpose of this proposal is to further economic democracy, the provisions of the bill have been carefully written to assure democratic participation in the activities of the bank. To assure that all types of eligible cooperatives are given fair representation on the board, the membership on the board is divided among cooperatives for housing, consumer goods, consumer services, financing, low-income members, and finally, all other cooperatives. The chairman of the supervising agency will continue as the only government board member after the cooperatives own 51% of the stock in the central bank. After seven years, regional and local lending institutions may be established by the Board. The regional bank boards of seven members will initially be appointed by the chairman of the supervising agency from among the same groups of cooperatives and one at-large member. After two years, the groups would elect their representatives on the board.

Now it is the consumers of this country whose faith in the private sector has been rocked by entrenched monopoly, overcharges, inflation, and dangerous products. It is the consumer movement that is suffering a drought—a drought of credit. Where is a fledgling co-op in Detroit or New Hampshire going to get the capital to get underway?

Banks are not very kind to consumer cooperatives. A bank may not want to lend money to a firm which will compete with the large established stores in the community. Banks are reluctant to consider stock outstanding to be capital because it is held by the users of goods. Banks prefer dealing with big companies and well-established, propertied people. When petitions for credit are submitted by proponents of a new technology, banks often give their other customers, who have similar technologies, the opportunity to advise on the application. Banks do not like to deal with non-profit cooperatives either. Despite the difficulty of obtaining financial assistance, public interest in consumer cooperatives is rising, as indicated by the recent publication of new books on organizing consumer cooperatives, the groundswell of cooperative formation in the past few years, the interest of cooperatives and their members all over the country in this bill, and their eagerness to participate in these hearings.

The story is the same for all co-ops: At the start there are tough times when credit is very difficult to get and the operation is usually located in a garage or basement. Then a few lucky cooperatives from among the many that wish to expand will obtain funds, perhaps from a sympathetic banker or its wealthy membership. These co-ops show what all co-ops could do with credit and managerial competence. The Berkeley Cooperative grossed $68 million last year, and now has 76,000 members. The Greenbelt Cooperative took in about $50 million from its 30,000 members and the public at large.

What makes consumer cooperatives so attractive? At a time when the distribution system of America is highly concentrated and impersonal, and becoming even more so, consumers find that they are vulnerable to marketing manipulation, poor quality of services and products, and an inability to control the economic development of their own communities. In many urban areas there has been widespread abandonment of stores by the chains or urban renewal disruption of small business shops.

Consumer cooperatives can be an effective countervailing force to commercial monopoly by the chains because they give consumers sufficient economic power to effectively bargain with producers, and the mechanism to

decide how to use their cash flow and what to sell to themselves. Bargaining power requires organization. Cooperatives provide the organization which reduces the cost of information to consumer, determines the considered desires of consumers, and develops the cash flow needed to compel producers to develop further cooperative services.

An example of the possibilities of the cooperative structure are indicated by the current situation in the food industry. Food prices grew faster in 1973 and 1974 than in any period since the end of World War II. Meanwhile, grocery stores, which account for one-fifth of all retail sales, are falling into fewer and fewer hands. National concentration ratios severely understate the problem since most of the chains do not operate in every part of the country. In Washington, where food prices are higher than most other American cities, just two food retailers account for more than half the grocery sales.

As grocery chains take over more of the market, the number of grocery stores is declining. Although the 31,000 supermarkets represent only 16 percent of the 198,000 grocery stores, they account for 72 percent of all grocery sales.

Concentration stifles innovation. When a giant retailer decides to carry a new product, it not only means a new market for one fortunate manufacturer, it means a market loss for others. As concentration increases, marketing decisions made by the largest retailers have more and more impact. In 23 of the top 25 metropolitan areas, a manufacturer unable to market a new product through any of the five largest grocery distributors would already have lost more than half its potential grocery market. A manufacturer unable to reach the public through large retail companies may choose to discontinue his operations.

The ability of large producers to dominate advertising also leads to a reduction in consumer choice. Those retailers who are unwilling to take risks will give highly advertised products their shelf space. Other products, regardless of their price or quality will be excluded simply because they are marketed by smaller manufacturers with smaller advertising budgets. Concentration begets concentration. The consumer cooperative can give consumers information left out of the glossy, vacuous advertising favored by producers, benefitting small producers as well as consumers.

Consumers learned long ago that greater concentration in an industry means higher prices. Consumers also have fewer alternatives to today's supermarket, where the floor plan is designed as a psychological and real estate (shelf space) proposition. Junk food or so-called gourmet foods are placed across the ends of the aisle and close to the checkout counters to trap impulse buyers. High-profit items are placed where the shoppers will reach them soon after entering the store because research has shown that shoppers start loading their carts when they come to the first display of food. High profit items are located at adult arm and eye levels and at the ends of aisles. The lower profit ones are found in smaller displays in the middle of the aisles and on shelves above and below normal arm and eye levels. And, of course, candy and other children's favorates are placed within easy reach of children, in the hope they will coerce their parents into a purchase. This kind of consumer exploitation is referred to as "merchandising."

But storeowners are not satisfied with manipulation. They also cheat: with misweighings, overcharges, and specials that are special only because the price of the product has been temporarily increased.

And, of course, fraud is not limited to grocers. Today's technology is so complex that consumers do not know when a product has been adequately repaired, or even whether the repair was necessary in the first place.

Congressional hearings have documented gross overcharging, price-fixing, and fraud in the auto repair business. But one need not look to Congressional hearings to document the need for auto repair cooperatives—the need is reflected in the number of them that have sprung up around the country in the last two years. Co-op Auto of Ann Arbor, Michigan is one of the most successful of these, grossing about $40,000 a month. Preventive maintenance and self-help are emphasized as they are not in the ordinary repair shop. Despite their difficulty in obtaining credit, this co-op and other auto repair co-ops are growing. Auto repair co-ops can now be found in Berkeley and Palo Alto, California, Madison, Wisconsin, Austin, Texas, and East Lansing, Michigan.

Co-op Optical Services in Detroit is a model of the progressive business which finds its self interest is on the side of the consumer. This co-op battles legislation creating monopolistic market entry barriers, provides information to Congress on marketing of inferior quality lenses and frames all over the country and has established its own optical aid fund for the poor. And because employees are salaried, they are not tempted to boost commissions by selling customers unnecessarily expensive lenses and frames or to cut costs through the use of inferior materials. A refraction examination by an optometrist costs $9, compared to $15 for examinations offered by a mass volume competitor. Similar economies prevail for eyeglasses.

The sporadic development of the optical cooperative concept indicates the importance of establishing a technical assistance capability for cooperatives. Already, optical co-ops have sprung up in Grand Rapids, Jackson, Lansing and Muskegon, Michigan, close to Co-op Optical Services in Detroit. In other areas the optical co-op is operated in conjunction with health co-ops, as in Seattle and in Washington, DC, or with supermarket co-ops, as in New York. Clearly, the growth of the cooperative movement is obstructed by the absence of an agency which could give fledgling cooperatives the aid and encouragement they presently receive only from other cooperatives.

But these are just a few of the many types of cooperatives that flower when the advantages of the cooperative concept has the opportunity to sprout. Many varieties of co-ops span the gamut of commerce: from cable TV to bicycle repair, from daycare centers to transportation, from adult education to summer camp, from furniture to mortuaries.

This is the potential, but each day the need for financing and assistance is displayed anew.

Despite the success of student cooperatives since the thirties, a student cooperative in Austin, Texas was refused a bank loan for needed student housing because the bank was concerned about the student turnover in its leadership.

The Ann Arbor, Michigan student cooperative, a model of stability and achievement, was denied credit because it is a non-profit organization.

A co-op in Northern Minnesota was refused a bank loan because it had requested funds in excess of the bank's $25,000 loan limit.

A Navajo Nation co-op was refused a bank loan because of its limited capitalization.

But none of these cooperatives has the government fostering its interests, as many other businesses do, so they must wait until their own members can provide the capital. The managers of these cooperatives consider these postponements to be permanent obstacles to growth.

The development of a Navajo Indian Co-op indicates the tremendous potential of this proposal to help low-income groups. The Indians share the same problems as the poor trapped within the city. Co-op enterprises, with proper financial and managerial assistance, can survive and even thrive in the inner city because they encourage neighborhood pride and because owners of shares in cooperatives generally demand smaller returns on their investments—often in the form of end of the year rebates—than do owners of shares of profitmaking corporations such as A & P. And, unlike a chain store, which sends its profits back to the city where the company headquarters is located, a co-op would keep its capital in the local community where the circulation of the money, known as the multiplier effect, would lead to the economic development of the local area.

The resurgence of the cooperative movement is indicated both by the number of new cooperatives started each year, and by the formation of new associations and federations of cooperatives such as the North American Student Cooperative Association, organized in 1968 by representatives of a number of American and Canadian student co-ops.

Yet, we must still look outside the United States to Europe, which has had a substantial cooperative movement, to see if theory can become reality. In large part, the answer is yes. The Migros cooperative was started prior to World War II by a wealthy businessman who was tired of the monopolistic structure of industry in Switzerland. When he tried to buy soap for the first food co-op, the monopolist wouldn't sell it to him. So he went to New York and imported soap to Switzerland. Now this same food co-op accounts for 25% of the food sales in Switzerland and 10% of all retail sales, making it the largest economic enterprise in the country.

The Migros cooperative has been a leader in product innovation. It was the first to distribute low lead gasoline in Europe. It has testing laboratories for quality control of the products purchased for their members. These testing procedures uncover fraud, filth, lack of nutrition, pesticides, and lately, harmful ecological effects. The Migros organization even has a bureau for prevention of bureaucratic abuses, that handles citizens' complaints such as social security, and extensive adult education classes.

Under S. 2631, the private sector is strengthened in a way that aids the consumer directly. No regulations are imposed upon business. The federal support requested for cooperatives has been given for years to producer groups with the backing of conservative members of Congress and the Administration.

Opposition by the Administration to S. 2631 would be contradictory of its position with respect to numerous special pleaders for whom subsidies have been provided over and over again when the interests of producers are served. The Lockheed loan, which had the avid support of then Congressman Gerald Ford, is the most infamous of these, but it is hardly the sole example. President Ford has approved loan programs for small businesses, shipbuilders, landlords, banks, farmers and exporters, among others, not counting the huge expenditures by various federal agencies which foster and promote business interests. But consumers wanting to borrow money to form a cooperative enterprise, often in areas where existing businesses will not venture, are not even accorded the blessing of Administration silence, much less its support.

The development of consumer organizations such as cooperatives will countervail monopoly, allow the consumer to determine the quality of goods and services, and will expand the means of self-help and consumer self-determination in economic matters. This is the goal of the Cooperative Bank Bill.

As your committee proceeds in the hearings and deliberation on this bill, you may ponder the overwhelming governmental bias for producer subsidy, guarantees, promotion and protection from competition, in contrast to the yawning vacuum of programs to assist in the establishment of consumer-owned business that can provide a fairer balance to the economy. Consumer cooperatives are a much needed form of private enterprise for greater economic efficiency, health and justice. It was Adam Smith who said that the purpose of production is for consumption. S. 2631 strives to make that consumption more informed, self-reliant and organized. It will also help to rebuild retail areas of cities which have been economically devastated.

Thank you.

NATIONAL COMMISSION FOR COOPERATIVE EDUCATION

52 VANDERBILT AVENUE, NEW YORK, N. Y. 10017 — 212-889-4920

(Not Printed at Government Expense)
The following legislation in behalf of Cooperative Education
has been enacted by both the Senate and the House of Representatives.

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United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 90th CONGRESS, FIRST SESSION

Vol. 114 WASHINGTON, TUESDAY, OCTOBER 1, 1968 *No. 161*

Senate

HIGHER EDUCATION AMENDMENTS OF 1968—CONFERENCE REPORT

PART D—COOPERATIVE EDUCATION PROGRAMS

GRANTS TO INSTITUTIONS OF HIGHER EDUCATION FOR PROGRAMS OF COOPERATIVE EDUCATION; GRANTS AND CONTRACTS FOR TRAINING AND RESEARCH IN COOPERATIVE EDUCATION

SEC. 141. Title IV of the Higher Education Act of 1965 is amended by redesignating part D as part F, by redesignating sections 461 through 467 as sections 491 through 497, respectively, and by inserting after part C the following new part:

"PART D—COOPERATIVE EDUCATION PROGRAMS

"APPROPRIATIONS AUTHORIZED

"SEC. 451. (a) There are authorized to be appropriated $340,000 for the fiscal year ending June 30, 1969, $8,000,000 for the fiscal year ending June 30, 1970, and $10,000,000 for the fiscal year ending June 30, 1971, to enable the Commissioner to make grants pursuant to section 452 to institutions of higher education for the planning, establishment, expansion, or carrying out by such institutions of programs of cooperative education that alternate periods of full-time academic study with periods of full-time public or private employment that will not only afford students the opportunity to earn through employment funds required toward continuing and completing their education but will, so far as practicable, give them work experience related to their academic or occupational objective. Such amount for the fiscal year ending June 30, 1969, shall also be available for planning and related activities for the purpose of this title.

"(b) There are further authorized to be appropriated $750,000 for the fiscal year ending June 30, 1969, and for each of the two succeeding fiscal years, to enable the Commissioner to make training or research grants or contracts pursuant to section 453.

"(c) Appropriations under this part shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this part.

"GRANTS FOR PROGRAMS OF COOPERATIVE EDUCATION

"SEC. 452. (a) From the sums appropriated pursuant to subsection (a) of section 451, and for the purposes set forth therein, the Commissioner is authorized to make grants to institutions of higher education that have applied therefor in accordance with subsection (b) of this section, in amounts not in excess of $75,000 to any one such institution for any fiscal year.

"(b) Each application for a grant authorized by subsection (a) of this section shall be filed with the Commissioner at such time or times as he may prescribe and shall—

"(1) set forth programs or activities for which a grant is authorized under this section;

"(2) provide that the applicant will expend during such fiscal year for the purpose of such program or activity not less than was expended for such purpose during the previous fiscal year;

"(3) provide for the making of such reports, in such form and containing such information, as the Commissioner may reasonably require to carry out his functions under this part, and for the keeping of such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports;

"(4) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this part; and

"(5) include such other information as the Commissioner may determine necessary to carry out the purposes of this part.

"(c) No institution of higher education may receive grants under this section for more than three fiscal years.

"(d) In the development of criteria for approval of applications under this section, the Commissioner shall consult with the Advisory Council on Financial Aid to Students.

"GRANTS AND CONTRACTS FOR TRAINING AND RESEARCH

"SEC. 453. From the sums appropriated pursuant to subsection (b) of section 451, the Commissioner is authorized, for the training of persons in the planning establishment, administration, or coordination of programs of cooperative education, or for research into methods of improving, developing, or promoting the use of cooperative education programs in institutions of higher education, to—

"(1) make grants to or contracts with institutions of higher education, or combinations of such institutions, and

"(2) make grants to other public or private nonprofit agencies or organizations, or contracts with public or private agencies or organizations, when such grants or contracts will make an especially significant contribution to attaining the objectives of this section."

(over)

VOCATIONAL EDUCATION AMENDMENTS OF 1968—CONFERENCE REPORT

"PART G—COOPERATIVE VOCATIONAL EDUCATION PROGRAMS

"FINDINGS AND PURPOSE

"SEC. 171. The Congress finds that cooperative work-study programs offer many advantages in preparing young people for employment. Through such programs, a meaningful work experience is combined with formal education enabling students to acquire knowledge, skills, and appropriate attitudes. Such programs remove the artificial barriers which separate work and education and, by involving educators with employers, create interaction whereby the needs and problems of both are made known. Such interaction makes it possible for occupational curricula to be revised to reflect current needs in various occupations. It is the purpose of this part to assist the State to expand cooperative work-study programs by providing financial assistance for personnel to coordinate such programs, and to provide instruction related to the work experience; to reimburse employers when necessary for certain added costs incurred in providing on-the-job training through work experience; and to pay costs for certain services, such as transportation of students or other unusual costs that the individual students may not reasonably be expected to assume while pursuing a cooperative work-study program.

"AUTHORIZATIONS AND ALLOTMENTS

"SEC. 172. (a) There is authorized to be appropriated for the fiscal year ending June 30, 1969, $20,000,000, for the fiscal year ending June 30, 1970, $35,000,000, for the fiscal year ending June 30, 1971, $50,000,000, and for the fiscal year ending June 30, 1972, $75,000,000, for making grants to the States for programs of vocational education designed to prepare students for employment through cooperative work-study arrangements.

"(b)(1) From the sums appropriated pursuant to this section for each fiscal year, the Commissioner shall reserve such amount, but not in excess of 3 per centum thereof, as he may determine, and shall apportion such amount among Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands, according to their respective needs for assistance under this section. From the remainder of $200,000 to each State, and he shall in addition allocate to each State an amount which bears the same ratio to any residue of such remainder as the population aged fifteen to nineteen, both inclusive, in the State bears to the population of such ages in all the States. For purposes of the preceding sentence, the term 'State' does not include the areas referred to in the first sentence of this paragraph.

"(2) The amount of any State's allotment under this section for any fiscal year which the Commissioner determines will not be required for such fiscal year for carrying out the part of the State's plan approved under section 173 shall be available for reallotment from time to time, on such dates during such year as the Commissioner may fix, and on the basis of such factors as he determines to be equitable and reasonable, to other States which as determined by the Commissioner are able to use without delay any amounts so reallotted for the purposes set forth in section 173. Any amount reallotted to a State under this paragraph during such year shall be deemed part of its allotment for such year.

"(3) The population of particular age groups of a State or of all the States shall be determined by the Commissioner on the basis of the latest available estimates furnished by the Department of Commerce.

"PLAN REQUIREMENT

"SEC. 173. (a) A State, in order to participate in the program authorized by this part, shall submit, as part of its State plan, to the Commissioner, through its State board, a plan which shall set forth policies and procedures to be used by the State board in establishing cooperative work-study programs through local educational agencies with participation of public and private employers. Such policies and procedures must give assurance that—

"(1) funds will be used only for developing and operating cooperative work-study programs as defined in section 175 which provide training opportunities that may not otherwise be available and which are designed to serve persons who can benefit from such programs;

"(2) necessary procedures are established for cooperation with employment agencies, labor groups, employers, and other community agencies in identifying suitable jobs for persons who enroll in cooperative work-study programs;

"(3) provision is made for reimbursement of added costs to employers for on-the-job training of students enrolled in cooperative programs, provided such on-the-job training is related to existing carrier opportunities susceptible of promotion and advancement and does not displace other workers who perform such work;

"(4) ancillary services and activities to assure quality in cooperative work-study programs are provided for, such as pre-service and inservice training for teacher coordinators, supervision, curriculum materials, and evaluation;

"(5) priority for funding cooperative work-study programs through local educational agencies, is given to areas that have high rates of school dropouts and youth unemployment;

"(6) to the extent consistent with the number of students enrolled in nonprofit private schools in the area to be served, whose educational needs are of the type which the program or project involved is to meet, provision has been made for the participation of such students;

"(7) Federal funds made available under this part will not be commingled with State or local funds; and

"(8) such accounting, evaluation, and follow-up procedures as the Commissioner deems necessary will be provided.

"(b) The Commissioner shall approve such part of its State plan which fulfills the conditions specified above, and the provisions of part B (relating to the disapproval of State plans) shall apply to this section.

"USE OF FUNDS

"SEC. 174. Funds allocated under this part for cooperative work-study programs shall be available for paying all or part of the State's expenditures under its State plan for this part for any fiscal year, but not in excess of its allotment under section 172.

"DEFINITION

"SEC. 175. For purposes of this part, the term 'cooperative work-study program' means a program of vocational education for persons who, through a cooperative arrangement between the school and employers, receive instruction, including required academic courses and related vocational instruction by alternation of study in school with a job in any occupational field, but these two experiences must be planned and supervised by the school and employers so that each contributes to the student's education and to his employability. Work periods and school attendance may be on alternate half-days, full-days, weeks, or other periods of time in fulfilling the cooperative work-study program.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

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Senate

MCPL DEFENSE POSTURE STATEMENT
by
The MCPL Defense Task Force

for consideration by the
MCPL Military Affairs Committee
and the
MCPL Arms Control Committee

Mr. CLARK. Mr. President, the Senate is about to consider the defense procurement authorization bill for fiscal year 1977. The $30 billion called for in this bill, coupled with later funding, will bring the proposed defense budget to over $114 billion. This is an enormous share of the overall U.S. Government spending for this year, and as a result deserves the very closest analysis and scrutiny.

As part of the materials for this debate, the Members of Congress for Peace through Law, for which I have the honor to serve as chairman, assigned a task force the responsibility for making a thorough analysis of the defense budget request in the areas of strategic and general purpose forces. This task force, after months of work, and in cooperation with many defense experts, has this week published its study.

In its summary, the report concludes:

The United States can save $8.5 billion in the FY 1977 Defense Budget Request without damaging U.S. national security. It has the option of reducing the defense expenditures by that amount or of buying a more effective defense force with the $8.5 billion identified as softspots in the present budget request.

The report's analysis of the interaction of foreign policy and defense policy, and how the force necessary changes depending upon the foreign policy goals, is especially useful:

The size and cost of defense forces needed to support foreign policies of Pax Americana, Present Policy, Pacific Pullback/Europe First, or a policy of General Retrenchment are identified in this report.

The report puts a price tag on each of these options, while emphasizing that defense policy should track foreign policy and not the reverse.

I commend the report's conclusion that a strong U.S. armed force is necessary to deter potential adversaries. But just as important is the emphasis that the United States should "purchase no more military might with our scarce resources than are called for by our foreign policy commitments and interests."

Mr. President, obviously in a discussion of a spending program of over a hundred billion dollars there will be differences of opinion among honest men. I do not want to imply that I support all the suggestions in this report. But in my judgment it provides a comprehensive and reasonably argued alternative to some of the current proposals, and as such, although it is long, I think it is worthy of serious consideration in this debate, and ask unanimous consent that it be inserted in the RECORD.

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

DEFENDING AMERICA: AN ALTERNATIVE U.S. FOREIGN POLICY AND DEFENSE POLICY POSTURE STATEMENT

(By the MCPL Task Force on Defense Policy)

INTRODUCTION

One strong sword keeps another in its sheath. A strong U.S. armed force is necessary to deter potential adversaries from attacks upon the United States and its allies. There is no quarrel with the conclusion that a strong but lean U.S. military force is necessary in an international arena that is composed of sovereign states that have conflicting ideologies and large military capabilities that could be used against us.

Just as we are for a strong military presence for the United States we are against a fat and slothful military force. And we wish to purchase no more military might with our scarce resources than are called for by our foreign policy commitments and interests. We are for a defense policy that is economical, one that adequately supports our foreign policy, but which does not lavish superfluous tax dollars into unnecessary systems. We are for a defense policy that is efficient, that squeezes the most military capability out of the defense dollars invested. Finally, we are for a defense policy that follows our foreign policy rather than one that determines our foreign policy commitments.

While we agree with much of what the Department of Defense officials have proposed in their FY1977 Defense Budget and Posture Statement, we feel that Members of Congress should independently assess out defense needs before allocating the more than $114 billion asked by the Pentagon for FY 1977. This we have done in this study. We have addressed ourselves to these issues:

(1) Without changing our foreign policy, how can we secure the same military capability for fewer tax dollars?

(2) Without changing our foreign policy, how could we secure an even more potent military capability for the same amount of tax dollars requested by the Department of Defense?

(3) If we changed our foreign policy to one of "Pax Americana" what kind of military forces would we need and how much would we have to spend on defense? What if we adopted a foreign policy emphasizing a Pacific Pullback/Europe-First philosophy? What if we had a general retrenchment in both Europe and Asia. What kind of forces would we need then and what would they cost?

Finally, what are we to conclude from such a study? Aside from having a detailed analysis of the kind of strategic and general purpose forces that would be most efficient, economical, and appropriate for a given U.S. foreign policy, this study leaves the final conclusion up to the reader? There are obviously two ways to go. The considerable savings in defense expenditures possible if the U.S. maintains either a more efficient status

quo foreign policy, or a policy of Pacific pullback or General Standdown could be passed on to the U.S. taxpayer. This would mean smaller defense expenditures and more financial resources available for other private or social expenditures.

A second option is to reallocate the money saved by plowing it back into other defense programs that make more sense than the programs entailed. Either would be preferable to the present course of action where large misallocations of defense funds waste our resources.

The purpose of this report is to make clear that the United States has numerous options in foreign and defense policy. Present defense policy and programs can be made efficient in the support of present U.S. foreign policy. And changes in U.S. foreign policy are possible and perhaps necessary. Such changes will require changes in defense programs.

The next section of this paper deals with four major foreign policy stances that the U.S. might adopt in the near or immediate future.

ALTERNATIVE U.S. FOREIGN POLICIES

U.S. foreign policy must be directed to achieving the United States national interest. Increasingly, the United States interests cannot be separated from the interests of all of mankind. Many of the real problems of the rest of the 20th Century will be solved by international cooperation or not at all-problems such as food, energy, natural resources, population pressures, environmental pollution, and nuclear proliferation are beyond the ken of one nation to solve unilaterally. These problems are global and economic in character and cannot be resolved through the use or threats of military force. They must be resolved by international cooperation or they will not be resolved.

Thus, new energies and resources must be devoted to the solution of these problems. For too long the chief U.S. foreign policymakers have concentrated on a foreign policy focused too narrowly upon military solutions to problems in a world where military power is too often ineffectual in solving the existing problems and where military expenditures drain needed resources from programs that could meet other world and U.S. needs.

This is not to imply, however, that a strong U.S. defense program is unnecessary. Such a program is needed in world that has seen two world wars in this century and in which a third world war might well put an end to civilization as we know it. The foreign policymaker must concern himself with the military threats posed by other countries and especially those that have been traditionally hostile to the United States. One question that must be answered in this context then, is where should the United States draws the line in defending itself against such hostile powers? In what states should the U.S. commit its forces? What countries should we defend?

A second national security question must also be answered. To what extent does the United States need to add the strength of others via alliances to directly defend itself? And to what extent can it directly defend itself and its interests via its forces and weaponry "made in the U.S.A."?

In this study we examine four different foreign policy alternatives of the United States as they relate to these national security questions. These alternative stances in world affairs relate to the kind of "defense perimeters" that the U.S. might adopt for the next several decades in pursuit of U.S. military security.

These four distinct foreign policies are described in shorthand form as follows:

(1) Pax American Policy.

(2) Present U.S. Policy.

(3) Pacific Pullback/Europe-First Policy.

(4) General Retrenchment Policy.

What could be the main tenets of four such foreign policy alternatives are outlined below.

FOUR ALTERNATIVE U.S. FOREIGN POLICIES
GENERAL PREMISIS

Pax Americana

U.S. seen as chief agent of stability in the world.

Détente seen as having very limited possibilities.

Conflict expected to dominate U.S./U.S.S.R. relations.

U.S. seen as filler of world power vacuums.

Extensive military presence abroad seen as necessary.

Military forces abroad should be expanded and military presence and forces seen as having high utility even in peacetime. "Power grows from barrel of a gun."

U.S. defense perceived to depend upon defense of all non-communist states everywhere.

All present alliances to be strengthened and expanded.

Extensive U.S. covert operations capability used in dealings with other states.

Very large military needed to maintain the policy.

Present policy

U.S. seen as chief agent of stability in world.

Détente seen as having some chance for success.

U.S./Soviet relations seen as mixture of conflict and cooperation.

Present commitments to allies and other states are being honored with some changes in SEATO and in the Pacific area. (See list of present commitments).

Military will maintain 500,000 troops abroad and a Navy of 500 ships with 2.1 million in uniform. DoD Budget will remain close to $114 billion in constant dollars. Military power in peacetime deemed very useful.

SALT negotiations with marginal agreements possible.

Forces to remain in S. Korea, Japan, Taiwan, Thailand, and in NATO areas. Israel supported without alliance.

Current defense arrangements with allies

Rio Pact (1947)

Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad, Tobago, Uruguay, Venezuela.

North Atlantic Treaty (1949)

Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugual, United Kingdom, Greece (1952), Turkey (1952), Federal Republic of Germany (1955).

Anzus Pact (1951)

Australia, France, New Zealand, Pakistan, Philippines, Thailand, United Kingdom.

Bilateral Treaties

Philippines (1951), South Korea (1953), Taiwan (1954), Japan (1960), Spain (1976).

Executive Agreements

Denmark (1951), Iceland (1951), Spain (1953), Canada (1958), Liberia (1959), Iran (1959), Turkey (1959), Pakistan (1959), Philippines (1959, 1965).

Pacific Pullback/Europe First

U.S. not seen as principle agent of stability in Western Pacific area. Seen as one of 4 great powers in the region (U.S., Japan, China, U.S.S.R.).

U.S. maintains and strengthens NATO ties and defenses.

Defense forces abroad shifted from Asia to Europe with some demobilization.

Phased withdrawal of U.S. forces from South Korea with nuclear weapons removed from Korean soil. The defense of Japan will not change and will remain a top priority. Thailand forces withdrawn.

U.S. less prone to intervene in Asia and Africa, but will remain very active in the Middle East to maintain peace or military balance. Fewer overseas commitments.

Military power is seen as of limited utility in solving international economic problems or diplomatic problems.

Greater emphasis on arms control as means of improving national security in SALT MBFR, CCD, and other forums.

Greater relative emphasis on foreign economic policy, and world problems of development, population, and energy.

Covert operations sharply downgraded abroad.

General Retrenchment Foreign Policy

U.S. is not seen as the major agent for stability in the world. World Policeman role discarded.

Cooperation with the Communist World seen as possible, if grudging and done with care, in many areas—trade, arms control, cultural exchange, and other accommodations on both sides.

U.S. military alliances abroad seen as marginally useful as opposed to central to a defense of the United States.

European, Asian, and other allies seen as being able to successfully shoulder their own defenses with treaties still binding U.S. to their aid.

All but U.S. "trip-wire" forces withdrawn from the "rimlands" of Eurasia. 50,000 to 100,000 U.S. troops remain abroad.

Military power in peacetime seen as useful mainly for the direct defense of the U.S. and not of much utility in international problem solving in peacetime.

Greater emphasis placed on arms control and disarmament as a route to greater national security for great powers.

Far greater emphasis on problems of foreign economic policy, energy, population, food, and development.

Greater emphasis on solving problems through international organizations such as the U.N., the World Bank, and others.

Decision to abstain from "Third World" intervention and from covert operations.

Strong ties remain with Europe, Japan, and Israel along with the traditional alignment with countries of Western Hemisphere.

No attempt in this report is made to sell one foreign policy to the reader over any other. These are merely four alternative U.S. foreign policies that have enough of a following that each is worth exploring for its underlying assumptions and implications for our defense policy. In each of the following sections on strategic weapons, tactical airpower, defense manpower, and naval forces the relationship between the kind of foreign policy the U.S. policy-makers choose and the kind of military forces needed to support that policy is explored.

What kind of Navy is needed to maintain a foreign policy of Pax Americana? Of present foreign policy? Of a policy of Pacific Pullback? Of a policy of major foreign policy retrenchment? That is the subject of the next section.

ALTERNATIVE U.S. FOREIGN AND DEFENSE POLICY POSTURE STATEMENT: PART 1, U.S. GENERAL PURPOSE FORCES: SEAPOWER

I. INTRODUCTION

The United States Navy is the strongest in the world. It fulfills the missions of (1) sea control, and (2) power projection abroad. U.S. naval forces are now facing their first challenge from another fleet for the first time since World War II. The Soviets have built a formidable Navy which is now capable of operating on the high seas outside the um-

brella afforded by its land-based airforce. While still defensively oriented, the Soviet fleet is growing in its capability to interdict the sea lanes with its attack submarine forces where it has the greatest capability. Despite its growing capability, the Soviet fleet ranks a distant second when compared to the U.S. fleet. When the NATO navies and the Japanese navies are added to the naval power equation, the U.S. and allied navies clearly have an overwhelming naval superiority over Soviet, Chinese, and/or Warsaw Pact navies. This is likely to continue in the forseeable future.

Huge investments are now being made in the U.S. Navy. The Navy commands 38% of the U.S. Defense budget, the largest share of any of the services. For such large investments, it is important for the Congress to understand whether or not the present force is well matched to support current U.S. foreign policy. Defense policy in all areas should track foreign policy, and not vice versa. Moreover, it is important to determine what kind of Navy we might need if we changed our foreign policy. The U.S. seems to be assuming a more modest stance in Asia and the Pacific area and is likely to continue this trend in the future. We must understand the implications this foreign policy trend has for future U.S. Navy programs and decisions. In the report that follows, several alternative U.S. foreign policies are examined and for each the question is asked, "What kind of Navy does the U.S. need for this kind of foreign policy?" Examined in depth are the Navies required for four foreign policies: (1) Pax America, (2) the President U.S. foreign policy, (3) a Pacific Pullback/Europe First Policy, and (4) a general U.S. retrenchment in both Europe and Asia.

A summary of the results of this study indicate that each of these foreign policies would require different size Navy forces and budgets:

Pax Americana

An estimated 650 ships would be required for this foreign policy at an estimated cost of $9.2 billion per year in shipbuilding costs for FY 1977 through FY 1987.[1] Such a fleet might well have 25 aircraft carriers and an equivalent expansion of escort cruisers and destroyers as well as perhaps eight of the new nuclear strike cruisers (CSGNs).

Pax Americana would also require perhaps 800,000 Navy on the payroll and 250,000 Marines. If nuclear power were used to fuel the fleet, ship building costs would soar to $10.2 billion or beyond, and payroll costs together with other Navy costs could come to an estimated $47.0 billion in FY 1970 dollars.

Present policy

The present policy is to maintain a 500 ship Navy with a shipbuilding budget of $4.4 billion in FY 1977. In addition the Navy employs 544,000 people in uniform and the Marines employ 196,000 for their missions. The total Navy budget to carry out the present foreign policy is $37.4 billion in FY 1977 dollars.

Pacific pullback

This policy would see the U.S. maintain a 400 ship Navy and a reduced naval presence in the Pacific area where only three carriers would be assigned to the Pacific fleet. Priority would be assigned to the fleet in the Atlantic and Mediterranean where six of the nine carriers would be deployed.

Ship-building costs would run to $2.2 billion per year or $3.2 billion if all escorts were nuclear powered. A Pacific Pullback policy would result in a 20% reduction in Navy and Marine forces—435,000 Navy and 157,000 Marines to be maintained. The Navy-Marine budget would be $30.0 billion in FY 1977 dollars.

General retrenchment

This policy would also maintain a 400 ship Navy with an annual shipbuilding cost of $2.2 billion (or $3.2 billion with nuclear escorts). This would include a mix of six Nimitz or midi-class attack aircraft carriers and three mini-carriers of the Harrier class.

A general retrenchment policy would need a Navy 40% smaller in people with 342,000 in the Navy and 126,000 Marines requiring an overall budget of approximately $28.5 billion in FY 1977 dollars.

It should be noted that these cost figures are conservative estimates based on estimates of the Congressional Budget Office. CBO estimates that a 600 ship navy could be built and would cost $7.6 to $8.6 billion per year between 1977–1981, a total cost estimated at between $38.0 and $43.0 billion in five years. The Library of Congress has released a study that would indicate a cost of $80.2 billion to bring the current fleet up to 600 ships by 1990—twice the cost at three times slower a rate, a far less optimistic prediction.[2]

Not only should we try to understand the implications of a change of foreign policy upon U.S. Navy costs, but we should try to understand the implications of changes in the composition of the ship and submarine force upon Navy costs. One kind of decision that the U.S. Government and Congress ought to explore is whether or not it makes sense to require nuclear power aboard all U.S. ships. An affirmative decision would drive the U.S. Navy budget sharply upward or result in a shrinkage of numbers of U.S. Navy combatants. Another kind of decision must be made on whether Navy money might be more profitably spent on increased ship maintenance and readiness rather on so many new ships at high production costs. It seems evident that increase channeling of funds to O&M and decreased funding of new programs like the nuclear strike cruiser will buy us more combat power in the present and near future than buying the CSGN in FY77 and beyond.

Still another kind of decision involves a decision as to what kind of Navy force to buy. Much of this centers around the kinds of missions that we want the U.S. Navy to perform and the kinds of forces we think can best perform them. It is the conclusion of much analysis that U.S. surface combatants are becoming increasingly vulnerable to submarine forces and cruise missiles if war were to break out. Yet, it seems equally obvious, that we shall want to reinforce our allies and our overseas forces in such a contingency. These can only be carried in large numbers of ship convoys. Thus, future sea forces must have a significant ASW capability and this must come from more platforms conventionally powered to insure adequate numbers. This also means that cheaper carrier platforms such as the VSS ASW carrier force ought to be seriously considered as the best force over the present course of building a small very high-value carrier force of 12 attack carriers with their nuclear power and nuclear powered escorts.

II. SEAPOWER AND FOREIGN POLICY

Pax Americana

Although it is not always clear how foreign policy translates into defense structure, it is clear that the kind of foreign policy U.S. leaders choose will have an impact upon the kind of Navy they need to support it. If the U.S. decided to implement a Pax Americana policy of world policeman it would need a much larger Navy. Particularly if the U.S. tried to fill "power vacuums" in areas like the Indian Ocean and if it tried to project power anywhere it would require more than the current "surge" capabilities of the U.S. Navy. Perhaps 650 ships would be required for such a task rather than the 477 ships now in the U.S. active force.

Pax Americana would also call for emphasis upon nuclear propulsion for steaming and endurance in all locales in order to present an unchallenged position of superiority to the Soviet Navy in all areas. Nuclear power and supply ships would also be used in support of our strike forces so that the U.S. could retain the capability to wage general wars around the globe.

A foreign policy of Pax Americana would be based on the assumption that overwhelming U.S. military superiority is necessary to keep possible aggressors in line. The logical extension of that would be programs by the Navy to guarantee air, surface and subsurface naval superiority over the Soviet fleet, which is deployed in essentially a defensive mode. This superiority would likely be sought in all possible naval theaters where the two navies could meet.

The costs of building such a naval capability would be exorbitant. A Pax Americana Navy would be likely to maintain 15 very large aircraft carriers plus additional sea-lane control medium carriers. Additional escorts would have to be purchased for carrier protection. Anywhere from 100 to 120 such escorts would be needed for the large carrier task forces alone. In addition, this Pax Americana Navy would possibly require a number of strike cruisers to provide naval presence where carriers were not available. Moreover, a larger and new amphibious operations force would need to be created. To protect this gargantuan Navy, a growing number of attack submarines would be required beyond even the 90 already currently planned. A Pax Americana Navy would also seek new overseas naval bases and would build up substantial deployments in the Atlantic, Pacific, Mediterranean, and Indian Oceans.

Present U.S. Foreign Policy

While the present U.S. foreign policy is still in flux and no national consensus has yet emerged behind a set of assumptions, it is still fair to say that some U.S. leaders have drawn the lessons from the Vietnam War and the recent oil embargo that U.S. military power is limited and that economic threats to our security may lack military solutions that would not backfire.

The present Navy numbers 477 ships and submarines and attempts to carry out both the missions of sea control and of power projection. Whether it is capable of performing both roles in a major war is an open question. Clearly, the Navy has some capability in the latter two missions can be somewhat effective in those missions within limits.

Recently the Navy effected a reduction in the Pacific fleet by placing two instead of three carrier task forces on station in the Pacific. This is a start toward a de-emphasis on military force in the Pacific region and Asia but a token one so far. After all, the Pacific fleet is as powerful still as the Atlantic despite the vastly greater emphasis placed on our Atlantic and European responsibilities. This maldeployment of U.S. naval strength should be corrected by redeploying some portion of the Pacific fleet to the Atlantic. It is obvious that carrier forces are less needed in the Pacific since the U.S. has moved in the direction of declaring it will not try to project power ashore on mainland Asia except in Korea. Two carriers can be transferred from the Pacific force without harm to present policy.

The Navy also maintains two carrier task forces in the Mediterranean Sea. One is often deployed on maneuvers into the Atlantic Ocean. This periodic removal of the second carrier from the Med is perhaps a tacit rec-

Footnotes at end of article.

ognition that carriers are extremely vulnerable to the Soviet fleet in the Mediterranean and to Soviet land-based air forces, especially in the Eastern end of the 2000 mile long sea, as well as the Navy's belief that more carriers are needed for the Atlantic.

Overall, a 477 ship Navy is not unrealistic for the current U.S. foreign policy. A level close to this number, perhaps a 500 ship Navy, is all that is needed to carry out the missions of sea control and power projection. But there are a number of ways to carry out these missions; some are extremely costly while others promise significant costs savings. These alternatives are discussed later in this paper.

Pacific Pullback/Europe First

A further pullback of naval forces in the Pacific is possible. If only one carrier task force were kept on station in the Pacific backed by two others, the Navy might shift an additional carrier force to the North Atlantic as insurance to strengthen its sea lanes control forces in that vital area of the world. Or, such a foreign policy shift might allow the U.S. to go to a nine carrier navy with the three being dropped by the Navy from the fleet when they reached the end of their useful lifespans. One course would increase military capacity; the other would save money, possibly for allocation to higher defense priorities.

The present fleet in the Pacific is primarily justified for its role in the defense of the Republic of Korea and Japan. The U.S. Pacific fleet is equal in size and strength to the Atlantic fleet, but does not have the far more formidable job of supporting NATO forces during a conflict with the Warsaw Pact and its navies. Were the United States to decrease its commitment to defend South Korea a sizeable reduction in U.S. Pacific naval strength could be effected. One carrier on station in either the Sea of Japan or the South China Sea, with additional carriers in reserve, would be able to support these reduced responsibilities.

Three full carriers and their task forces could then be removed from the Pacific. The remaining U.S. force could rely on attack submarines and VSS carriers to protect our remaining responsibilities—defense of Japan and U.S. shipping in the Pacific region. Our force of naval combatants in the Pacific could be reduced by half its present size.

Under a foreign policy of Pacific pullback and Europe first, the U.S. Atlantic and Mediterranean naval forces would remain substantial with missions focusing on sea control and NATO reinforcement. It would also seem necessary to maintain an Eastern Mediterranean naval presence for political, if not military reasons. No routine naval presence would be maintained in the Indian Ocean although a limited surge capability would be possible.

The overall naval forces level required to support this foreign policy option is debatable. However, perhaps as few as 400 ships focusing on our highest priorities might be sufficient. Perhaps nine carriers and their escorts would suffice. No strike cruisers would be necessary to carry out individual actions and amphibious assault ships and vessels for intervention support would be needed under such a foreign policy. Our stance would have changed from power projection to sea defense. A more cost-effective naval force could be deployed in the Pacific region if it were composed of helocarriers such as the VSS mini-carriers rather than the more expensive and less numerous attack carriers now deployed and planned for future production.

The size of the surface fleet would undoubtedly vary a great deal wth the kind of risks the leadership and people were willing to run. A fleet considerably larger than 400 ships might be necessary if the U.S. Navy were assigned the task of guarding the sea lanes from the third world to the U.S. in order to guarantee the continued shipments of oil and other raw materials to the United States in times of conflict and confrontation. Virtually all of these imports are transported by ship today.

Retrenchment in both Europe and Asia

If the U.S. followed a policy of pullback in a military sense from both Europe and Asia, this would have major implications for the size and force structure of the U.S. Navy. Essentially, such a policy would say to our European and Asian allies that we expect them to shoulder the major share of their own defense.

U.S. Defense of its own territory and possessions could be accomplished directly without the help of allied forces. Thus, U.S. ties to NATO would be marginal and formal and would not require direct overseas stationing of U.S. forces.

U.S. Navy forces in such a foreign policy would serve as Mid-Atlantic and Mid-Pacific buffers and forces to protect the sea lanes for convoys carrying essential goods to the United States.

In an environment where Soviet naval capabilities remained defensive in nature, the U.S. could safely deploy fewer naval forces in the Mediterranean. This would also add flexibility to naval deployments. Maintaining a strong naval shield in the Atlantic would remain a highest priority. The U.S. fleet in the Atlantic would have the job of protecting the sea lanes for U.S. commerce between America and the rest of the world. This naval force might require as few as 350 ships if sea lanes between the U.S. and Europe and Latin America remainded its most vital links. VSS carriers and SSNs might shoulder the burden of protecting convoys. Strategic ballistic missile submarines, under this foreign policy, would be deployed in numbers equal to the SLBMs currently deployed since a strong nuclear deterrent force would be necessary under any of the four policy alternatives.

Impact of Foreign Policy

Obviously, the correlation between foreign policy and Navy forces is not exact. A Pax Americana stance obviously requires a super Navy of large scale proportions and many billions of new investments in the Navy. A European and Asian standdown requires a far smaller Navy. However, there are many variables to consider which determine the size of the Navy which have little to do with foreign policy. First, what degree of risk are you willing to assume and what degree of risk do you perceive both politically and from the standpoint of Soviet capabilities? Second, do you invest heavily in nuclear powered ships? Third, how much can you count on allies taking up the burden the U.S. has laid down? Fourth, what kind of naval forces will actually get the missions accomplished in the current environment? Fifth, to what degree will changes in U.S. foreign policy encourage similar or other changes in the foreign policies of others rivals and potential rivals?

Only at the ends of the spectrum of foreign policy alternatives does the outline of the correct composition of U.S. naval forces become clearer, if not certain.

III. THE SOVIET NAVAL THREAT

In 1976 there is little doubt that the U.S. Navy is a far more capable multipurpose force than the Soviet Navy. Nevertheless, if one assumes that the Soviet Navy has adopted the primary mission of sea denial to unfriendly naval forces, then it must be accorded great respect for its capability relative to that mission.

No Navy in the world can match the U.S. Navy's ability to project power onto unfriendly shores, to defeat another surface fleet in head-to-head combat on the high seas, or to control the air above a sea battle area. However, the main mission of the U.S. Navy in a war with the Soviet Union will be to keep the NATO sea lanes open for reinforcements by ship and to prevent the projection of power by Soviet ships against U.S. coasts. The large Soviet attack submarine and ballistic missile submarine forces, as well as the formidable Soviet anti-ship cruise missile capability, make the success of this kind of U.S. mission highly doubtful.

Sea lane shipping can probably be protected from rival airpower by the vastly superior naval air wings employed by the U.S. and NATO navies. But no remedy is currently available to offset the very substantial Soviet capability in attack submarines. This is particularly serious when it is realized that Europe and the U.S. are separated by 3,000 miles of ocean over which supplies and reinforcements must travel and that the economies of both are far more dependent on overseas raw materials than are those within the Warsaw Pact region. The fact that the U.S. and NATO can interdict sea borne supplies flowing to the Pact countries is not significant because they are not dependent upon such supplies.[5] The fact that U.S. and NATO navies are dependent upon the sea lanes being open makes Soviet Naval capabilities important, if less potent in other mission areas when compared to the Western fleets.

An unpleasant fact of life in the current military environment is that supplies carried by surface ships are needed to reinforce NATO in any European conflict to allow NATO to match Warsaw Pact buildups. The NATO and the U.S. navies can rule the air above the sea lanes but in danger of losing their supply convoys to submarine attack.

While friendly navies can control the air and surface, they are as yet overmatched in atempting to control the subsurface from which lethal attacks on their convoys may come.[6]

On the other hand, the U.S. Navy stacks up very well indeed if less than an all-out war were to commence with the Soviets and indeed would probably eventually perdominate against the Soviet Navy in any head-to-head encounter.

U.S. advantages are many. The U.S. has 14 attack aircraft carriers; The Soviet Navy has none. U.S. aircraft carriers can dominate the skies above a naval battle and can project power ashore. The United States maintains no ASW carriers with helicopters and catapult aircraft aboard. The Soviet Union maintains one such carrier. The United States Navy maintains seven other ships that launch helicopters whereas the Soviet Navy maintains two. Altogether, the U.S. Navy has 1,508 sophisticated and advanced carrier-based aircraft, and in addition, 468 Marine fighter-attack aircraft. The Soviet Navy has only 53 carrier-based helicopters and has no marine air force whatsoever.

Beyond 600 miles from the Soviet or Warsaw Pact shorelines, air superiority is conceded to the U.S. Navy making the Soviet fleets extremely vulnerable to air attack on the high seas. Except for 53 helicopters the Soviet naval air is land-based and the fleet must stay underneath the protective umbrella of its land-based airforce. Without its protective land-based umbrella the Soviet fleet is vulnerable to air attack and far inferior to the U.S. fleet which carries its air umbrella with it. For this reason, the Soviet surface fleet is far more vulnerable than the U.S. fleet on the high seas to air attack. The Soviet Navy is essentially two-dimensional, surface and sub-surface. The U.S. Navy is three-dimensional, air, surface, and subsurface.

Although the Soviet surface fleet is more numerous that the U.S. Navy, it has significant drawbacks. Fourty-two percent of the Soviet ships are small torpedo boats that

Footnotes at end of article.

have a "one-shot" (no reload) capability and which would be totally dominated on the high seas by a Navy such as the one possessed by the United States. U.S. ships are more modern in design and more capable in combat.

If one looks at the major surface combatants over 3,000 tons displacement, the United States naval advantage looks especially favorable. For example, "since 1960, the United States has built 122 ships over 3,000 tons, while the Soviet Union has built only 57. Between 1961 and 1965, we built 48 to their 14; between 1966 and 1970 we built 38 to their 19; and between 1971 and 1975 we built 36 to their 24." [5] Clearly the United States is maintaining its edge in construction of large ocean-going naval vessels.

In addition, the United States has a very capable coast guard that is not usually included in the comparisons of naval strengths while the Soviet coastal Navy is included. "Since 1967 the (U.S.) Coast Guard has built 12 high endurance cutters which are about the same size as destroyer escorts, 3,000 tons. . . . Almost half of the Soviet major surface combatants are 1,200 tons, considerably smaller than these cutters. These Coast Guard vessels are highly capable anti-submarine warfare platforms and must be included in any comparison of the two navies." [6]

The U.S. Navy is capable of projecting power ashore through its carrier aircraft and large marine corps. The Soviet Navy has none of this capacity. The U.S. Navy with its high quality mix of air superiority and nuclear attack submarines is far more likely to dominate a rival surface fleet possessed by the Soviets, especially on the high seas away from Soviet land-based air forces. U.S. attack aircraft carriers can also better perform the mission of naval presence since carrier forces can offer a more credible intervention threat than can other ships or submarines.

Only in the area of sea denial does the Soviet Union Navy pose a serious challenge to the U.S. Navy. The Soviet Navy does maintain a quantitatively superior attack submarine force to that of the United States, outnumbering the U.S. 253 to 73. Yet even this is somewhat deceptive, since most of the Soviet attack submarines (178 of 253) are diesel fueled and not nearly as capable as the nuclear powered submarines. Soviet submarines would attempt to deny use of sea lanes to U.S. supply and combat ships.

These Soviet submarines pose a threat to convoys and surface combatants of the U.S. and NATO countries and represent the biggest challenge facing the U.S. Navy, especially in the attempt to reinforce NATO or any overseas ally in a general war aboard where the two superpowers were engaged.

In attempting to maintain sea control in a general war the U.S. Navy would be aided by its superior overseas base structure, its ability to count on the large allied Navies for support, and the greater combat experience and readiness of the U.S. and allied navies. In addition to the formidable U.S. Navy, it is likely that the following NATO Navy would be available to confront the Soviet Navy:

NATO Navy of European allies and Canada [7]

(U.S. Navy not included/French included)

NATO ballistic missile submarines	8
NATO destroyers and destroyer escorts	244
NATO cruisers and other escorts	5
NATO attack aircraft carriers	5
NATO helicopter carriers	1
NATO attack submarines	135
Total not including supply ships	898

This NATO Navy far outmatches the Warsaw Pact navies of the allies of the Soviet Union. Together with the U.S. Navy the NATO Navy clearly gives the edge in naval supremacy to the United States and its allies over any combination of Navies that the Soviets and their allies could put to sea. This does not even include the 43 destroyers and escorts and 13 submarines that the Japanese Navy adds to the allied force.

In additon to the ships, aircraft, and submarines of allied navies, the U.S. Navy enjoys significant advantages in overseas bases for its forces. Although the Soviet Navy has recently become an all-oceans force, it has less than a half dozen foreign bases from which to operate. The U.S. Navy, on the other hand has many foreign naval bases and hundreds of open ports where its ships drop anchor. The Soviets have no counterparts to the large U.S. naval bases at Subic Bay, Pearl Harbor, Guam, Holy Loch, Keflavik, Diego Garcia, Guantanamo, and Sasebo to name a few. U.S. based ASW aircraft operate from these overseas bases in large numbers. Overall the U.S. maintains an edge in ASW aircraft of 450 to 360 for the Soviet Union and U.S. aircraft are several times more capable than Soviet aircraft.

Although gross manpower figures have marginal significance, the United States also has numerical advantages in Navy manpower, leading the Soviet forces 515,400 uniformed people to 386,000. This is compounded by the U.S. lead in Marine strengths where the U.S. Marines outnumber their Soviet counterparts 196,000 men to only 14,000.

This, plus the fact the U.S. maintains 14 aircraft carriers to the Soviet Union's none, indicates the absoultely clear superiority of the U.S. Navy in power projection upon any hostile shore. The Soviet Navy has virtually no sea-based capability to project power ashore.

The U.S. Navy advantages cited here are further increased when one counts the combat experiences of the U.S. Navy in the Vietnam War where Navy ships continually bombarded shore targets with their naval aircraft and guns. The Soviet Navy has not ever been battle-tested. Moreover, the U.S. Navy maintains a higher state of readiness and undergoes more continuous naval training and exercises than does its Soviet counterpart. As CNO Admiral James L. Holloway has testified, "one of our greatest assets is . . . that our people are better. They are more imaginative, have greater resourcefulness, and we have veterans. We have pilots who have flown over 200 missions in combat. We have destroyer skippers who have spent four and five years on the gunline in Vietnam exercising their equipment. We have an awful lot of combat veterans in the U.S. Navy." [8]

In summary, the U.S. Navy is far superior to the Soviet Navy in ship quality, naval manpower, naval aviation, ASW capability, tonnage, firepower, nuclear propulsion, power projection capacity, overseas bases, and allied naval capacity as well as in training, readiness and combat experience. The Soviets have greater numbers of surface ships and of attack submarines but most of their ships and submarines are of inferior quality to the U.S. Navy. Overall, counting only the U.S. Navy against the Soviet Navy, the American advantage is pronounced. When the NATO navies and Japanese Navy are added to the power equation, the U.S.-allied naval superiority is overwhelming. This fact, however, cannot and should not obscure the very impressive Soviet sea lane denial capability.

III. TODAY'S NAVY AND TODAY'S CHOICES: THE ROLE OF THE CARRIER

What kind of ships should this nation build? How many should we build? The answers to these questions relate directly to the kind of foreign policy we wish this nation to pursue. But, regardless of which option we believe is correct, we must review the role of the aircraft carrier. It plays a central role in our naval force structure; all of the naval options we have listed employ the carrier in some fashion. It should be obvious that the purchase of even a small number of nuclear-powered supercarriers—estimated at $2 billion a piece—will consume ship construction funds that could otherwise be spent on a large number of ships. Thus, the expenditure of funds for carriers must be weighed against two overriding questions:

(1) How vulnerable is the carrier? and

(2) Are the carriers needed to perform the Navy's roles and missions?

Vulnerability

Despite the unquestioned improvements in aircraft carriers since World War II, in every absolute sense, there are still those who believe that the carrier is far more vulnerable today, pitted against today's offensive technology, than the World War II carrier was when pitted against the World War II technology of the Germans and the Japanese.

The past thirty years have seen immense improvements in anti-ship missiles, in offensive aircraft and aircraft ordnance, in attack submarines and in explosive yields of shells and missiles. Accuracies have increased, yields of warheads have increased, and speeds and capabilities of the submarines and aircraft pitted against carriers have increased. Also, for the first time since the Second World War another rival navy has been built to challenge the United States for supremacy of the seas. All of this bodes ill for future survivability of the U.S. aircraft carriers and surface ships in wartime.

Perhaps the most dramatic difference in naval armament has been in nuclear technology. Soviet ships and submarines carry nuclear-tipped armaments (including some nuclear capable ship-to-ship missiles), and nuclear torpedoes. Soviet land-based aircraft are capable of dropping nuclear bombs and missiles on U.S. surface ships. It is generally conceded that a nuclear war at sea would annihilate the surface fleets of both the United States and the Soviet Union. No ship could survive a nuclear explosion if it received a direct hit.

Nuclear technology has also made nuclear-powered attack submarines an anti-ship menace of unprecedented proportions. These submarines are capable of wreaking havoc on the combat and merchant fleets of both the U.S. and the Soviet Union. As Admiral Hyman Rickover has stated before the House Armed Services Committee:

"If this country or Russia ever turned their forces of submarines loose, they would devastate the seas. That does not mean that we should not build other kinds of ships. But nuclear submarines have never been tried out under actual conditions of war. It is beyond the comprehension of most naval officers to comprehend the difference between a submarine that can make 9 knots for one half hour and stay submerged for two days at most and a submarine that can make over 20 knots and stay submerged indefinitely. They cannot grasp the significance of this military capacity. It is beyond their comprehension because they are too loyal to their previous concepts and to the regime and environment in which they have been bought up."

Chief of Naval Operations, Admiral James Holloway III, has testified that "The principle threats to the carrier in order of severity are: (1) submarines—particularly nuclear submarines with cruise missiles; (2) long-range bombers with cruise missiles, and (3) cruise missile-equipped surface ships."

His predecessor, Admiral Moorer, also emphasized that "submarines capable of launching anti-ship cruise missiles do constitute the primary threat to any surface ship."

Carriers do not have an effective defense against tactical cruise missiles and will not until the early 1980s. The only effective carrier defense is a good defense directed at the cruise missile ships of the Soviet Navy. Carrier anti-aircraft and anti-missile systems are

Footnotes at end of article.

notably imperfect defenses against such attacks. Anti-submarine warfare capabilities have also been running a poor second in comparison to the increasing capabilities of nuclear attack submarines. ASW technology has lagged far behind the anti-carrier technology and anti-surface ship technology.

Navy officials claim that no modern U.S. carrier has ever been sunk in combat. This ignores the four U.S. carriers that were sunk in 1942 and one in 1944. The Japanese also had eight modern carriers sunk at the battles of Midway and Leyte. Thus, even pitted against the now antique ordnance of WW II, some 13 major carriers were sunk in actions at sea.

Navy officials also make much of the fact that of 2314 kamikaze planes launched at U.S. naval targets, not one carrier was sunk by a kamikaze. This ignores the fact that on nine separate occasions U.S. carriers were very badly damaged by such attacks—including the Saratoga, Ticonderoga, Bunker Hill, Intrepid (twice), Enterprise (CV-6), Franklin Wasp, and Hancock.

Navy officials also make much of the fact that no carriers have been sunk since World War II. This, however, ignores the obvious: No war at sea has occurred since 1945. It is, therefore, not surprising that no carriers were sunk. Indeed, the Navy is the only service that has not tested its major equipment (ships) under fire since the Second World War. Army units, Air Force units, and Naval wings have engaged in direct firefights with the enemy; but the carrier force and surface Navy (nor for that matter have the submarine forces) have not been challenged at sea. Once challenged, they might have a very rude awakening about the vulnerability of the surface Navy which they have so carefully drafted in the image of the force which fought so well in World War II. The Navy is geared to refight WW II with the same formations and same structure, but in a far different technological environment.

The opening scenario of the war at sea might prove especially important in determining the survivability of a carrier task force in the U.S. Navy. At most times, such carrier task forces in peacetime are trailed and even interspersed by Soviet submarines and ships. Such ships and submarines at close range would be nearly impossible to destroy before opening a surprise salvo upon the task force. The first few minutes of such a war at sea would likely see the death of the surface boats in the force including the carrier.[9]

One of the main defenses of the carrier force is that it can outrange an attacking force. Its planes can be destroying the attacker before he can get within range to launch the attack. However, if the conflict begins with the attacking forc at close range, the surface fleet and the carrier lose this vital advantage.

Submarines really have the advantage of closing in on the carrier force, often without being detected, and of launching similar surprise attacks. Thus, the element of surprise combined with pre-positioning of forces could place the carrier forces in a precarious position at the outset of any planned war between the U.S. and Soviet Union.

Admiral Holloway made this point when he testified before the House Armed Services Seapower Subcommitte concerning any general war between NATO and the Warsaw Pact:

"And should this war occur, I think it is going to be a very brutal one, a very bloody one on all fronts, and certainly the battle of the Atlantic where the principle conflict would take place, I believe, between us and the Soviets, either in the U.S.-U.S.S.R. or the Warsaw Pact-NATO context, I think would be in doubt until certainly after several months.

I liken it in my own mind to the situation that existed in the war between the U.S. and Germany when, although we won the battle of the Atlantic, we didnt win it until after an awful lot of the U.S. ships were sunk. But once we got it under control, the victory was ours.

Much has been made of the fact that a carrier can receive a blow such as the 1969 explosion aboard the Enterprise when nine major caliber bombs detonated on her flight deck. Navy spokesmen argue that since the carrier was able to fly airplanes within hours after the explosion, the hardiness of the carrier was proven.

What this argument overlooks is that in a short time after being struck by an attacker, the aircraft carrier is deprived of its major defense against attack for a matter of hours. Without aircraft, the carrier is doubly vulnerable to repeated attacks which could finish her before the decks could be repaired and the interceptors and attack planes could get aloft again. Moreover, a wounded carrier with its screws destroyed or with its deck torn up by ordnance cannot land or launch aircraft and will be ineffective in combat.

The extreme nature of the Soviet threat directed against our carrier force is magnified by the small number of carriers that the U.S. can field. Since it is unlikely that the U.S. can have more than 13 carriers at sea, Soviet forces can concentrate on an extremely small number of high-value targets.

At current ship-building rates the Soviet Union can build over 200 carrier-disabling submarines and surface ships in the time it would take this country to build another Nimitz-class supercarrier and an air defense system to protect it. There is no way that we can build carriers and air defense escorts in sufficient numbers to match the forces arrayed against them. For example, in the U.S. it costs twelve times as much to build a Nimitz class carrier and its aircraft than to build a 688 attack submarine.

Surveillence technology has improved immensely since World War II. Now submarines, surface ships, aircraft carriers, and land-based aircraft can acquire target information, radars, sonars, helicopters, aircraft, and satellites. Such reconnaisance systems can pinpoint the location of surface ships and targets and relay this message back to offensive platforms. In the future, ships at sea will target more exactly other surface points by getting more exact fixes on their own locations via satellite (eg. Navstar). All of this makes surface targets more vulnerable--including aircraft carriers.

Precision-guided munitions, smart bombs, and infrared and television-guided homing devices also make the kill probabilities greater for forces attacking a surface fleet group like a carrier task force. The revolution in accuracy has been matched by a like revolution in explosive yield to weight ratios. The increases in accuracy and yield have exceeded the improvements in surface ship armor. The result is greater surface strip vulnerability. This is a trend likely to continue with the vulnerabilities increasing while costs of carriers continue to escalate. The carrier may give new meaning to the term "sunk costs" in a future major war at sea.

Naval Missions and the Carrier

A joint Senate-House Armed Services Committee was formed in 1970 to investigate the Navy's costly proposal to build a third Nimitz-class carrier, then designated CVAN-70.

In his 1970 presentation, Admiral Holloway was asked why the Navy wanted a super-carrier and how it would perform its roles and missions with it. But a close examination of the Navy's roles and missions does not present a compelling case for the super-carrier.

As Admiral Holloway states, the primary mission of the U.S. Navy is sea control. This mission is spelled out in Department of Defense Directive 5100.1, issued on December 31, 1958. It continues to be the Navy's primary mission to this day:

To organize, train and equip Navy and Marine Corps forces for the conduct of prompt and sustained combat operations at sea, including operations of sea-based aircraft and land-based Naval Air components—specifically, forces to seek out and destroy enemy naval forces and to suppress enemy sea commerce, to gain and maintain general naval supremacy, to control vital sea areas and to protect vital sea lines of communication, to establish and maintain local superiority (including air) in an area of naval operations, to seize and defend advanced naval bases, and to conduct such land and air operations as may be essential to the prosecution of a naval campaign.

The Navy's collateral mission, as spelled out by the Department of Defense's directive 5100.1, is:

a. To interdict enemy land and air power and communications through operations at sea.

b. To conduct close air and naval support for land operations.

c. To furnish aerial photography for cartographic purposes.

d. To be prepared to participate in the overall air effort as directed.

Thus, nothing could be clearer: the Navy's primary mission is sea control; its collateral mission is projection of power ashore. But if we look at today's Navy, we see a force which is structured primarily around the mission of power projection. We also see a force which is dangerously ill-prepared to carry out the mission of sea control.

The reason for this state of affairs relates primarily to the aircraft carrier and its role in today's Navy. The carrier and its related activities reportedly consume 50 percent of the Navy's budget. And today's carrier is used primarily as a power projection ship, and only collaterally as a sea control ship.

To see the perversion of the Navy's missions at first hand, one need only review the Navy's "CVNX Characteristics Study Group Report". This document was prepared at the direction of Admiral Holloway to study the Navy's future carrier requirements. Not surprisingly, a majority of the aircraft are used primarily for power projection. Thus, if the Navy continues on its present course, our ships at sea will be even more heavily weighted toward projection of power and even less capable of sea control.

If the carrier were reasonably assured of carrying out its power projection mission, then perhaps the situation would be less bleak. But it is now reasonable to assume that with the recent Soviet naval developments, the carriers forward deployed would be unable to project power. Thus, it is entirely possible that today's Navy provided precious little in the way of national defense. We may indeed, have the worst of both possible worlds—a naval force which is unable to adequately perform either sea control or power projection.

Power Projection

The Navy insists that its aircraft carriers are the most invulnerable ships at sea against conventional attack. Foes of the carrier insist that the carrier is indeed vulnerable, as evidenced by our World War II experience. (Of the 12 Essex class carriers that received one hit during the War, five had to return to port; all three carriers that received two hits were forced to return to port.) The Navy argues correctly that Nimitz class carriers are stronger than those of the Essex class; critics of the carrier likewise argue that today's conventional munitions are more lethal. In any event, today's conventional munitions need not sink the carrier; all they have to do to be effective is to prevent the ship from launching its aircraft.

Footnotes at end of article.

In tactical nuclear exchanges, no one argues that carriers can continue to operate.

In scenarios against third world countries, the carrier becomes a much more formidable force, either because our adversary lacks the means or the will to knock out our floating airfields.

According to the Navy the most probable and crucial scenario for the carrier—and the one against which the need for the carrier must be weighed—is against the Soviet Union and her allies. The typical carrier of the 1980's will have on board: 24 fighter aircraft; 36 attack aicraft; 4 tankers; 4 airborne early warning aircraft; 4 jammers escorts; 3 reconnaisance aircraft; 10 antisubmarine aircraft; 8 antisubmarine helicopters.

As can be seen from this breakdown, most of the aircraft on board are designed to project power ashore, and to do so in "high threat" environments. This means in areas close to the periphery of the Soviet Union; it means to be within range of many different threats from Soviet surface ships, land based aircraft, and submarines; it means to be operating within range of Soviet cruise missiles. Taking a closer look at the 85 aircraft on board the super-carrier, only 36 are designed for the attack role. The 24 fighter attack aircraft on board can be armed for attack missions against poorly defended countries, but if the projection of power is to take place against the Warsaw Pact, these aircraft will be needed to help protect and escort our attack planes. Likewise, the four jammers on board the carrier (designated EA-6Bs) will be needed to help the attack aircraft reach their targets. Here is the basic dilemma of the carrier; all of the resources on board the super carrier are needed only in the highest threat areas, yet these are the areas where the carrier will devote most of its assets to self-protection rather than power projection; and these are the areas where the carrier is least likely to be able to carry out its primary mission.

Should the United States risk its $2 billion aircraft carrier, its eight escorts, and its $1.5 to $2.0 billion air wing to project power ashore in high threat environments? Can it be done? Many people—including some with the Navy—believe that it cannot be done. Others believe it can be done, but only with many aircraft carriers working together. Because of the low probability of success, many argue that it would be wiser to project power ashore by other means in high threat environments. If we do become involved in a shooting war with the Soviet Union, the U.S. can have sufficient land-based airpower available, based far enough behind the forward edge of the battle in Western Europe. If the shooting war escalates to nuclear warfare, our land based and sea based ballistic missiles, as well as our manned bombers can project United States power.

Sea Control

The Navy's ship construction budget is constrained by competing needs both within and outside the Department of Defense. The Navy wants to build up the force to 600 ships; it wants a "balance fleet" consisting of many different classes of ships. Even with sharp increases in SCN funding, the Navy's goal appears to be a distant longshot. While it is unfair to state that for every dollar that goes into power projection, a dollar is lost for sea control (the carrier is, after all, a multipurpose ship, even though it is configured primarily for power projection), it is far to state that the Navy's sea control ship construction programs have taken a back seat to the carrier and carrier escort construction programs.

A review of the Navy's five year ship construction program will confirm this view. Looking at the Navy's major surface combatant construction programs, the current five year plan is to build two Nimitz class carriers, eight conventionally powered air defense escorts for our carriers, two nuclear powered air defense for our carriers, one helicopter carrier suitable for sea control and 40 escorts. The escort program (known as Patrol Frigates or FFG's) is in deep trouble due to cost growth—its future is as marginal as its capabilities. Its sonar is far too ineffective to be of much use in true sea control operations. What then do we have left? Twelve platforms which are primarily associated with power projection and one that is associated primarily with sea control.

Carrier proponents will say that carriers can be readily reconfigured for sea control operations. This is true—but carriers and their escorts can only be in one part of the ocean at the same time. And, if we want sea control ships, why build such expensive ones? Why not build many more at lower cost which can then cover far more of the ocean?

In discussing sea control, numbers are all important. The cost of the carrier cuts deeply into the possibility of fielding sufficient numbers of capable sea control-oriented ships. The possible vulnerability of the carrier places us in jeopardy. If the carriers proponents are wrong—and the carrier is indeed invulnerable, even in low threat environments, then we are in a particularly poor position to exercise sea control. Our eggs are in precious few, highly expensive baskets.

Other Missions

So far, we have talked exclusively about sea control and power projection. There are additional Naval missions as well. One key mission related to power projection is that of deterrence—but this is maintained almost exclusively through our ballistic missile submarine force. As such, it does not impact directly on the carrier issue, except in terms of cost: Our nuclear attack and ballistic missile submarines are fixed costs in our ship construction budgets. This will be the case far into the foreseeable future. This places a large burden on decision-makers to allocate remaining ship construction funds wisely and not to funnel them into a small number of high value targets.

The carrier is often justified in terms of carrying out the mission of "prescence". The carrier stands for resolve as it stands for the instrument of the U.S. will. Can other hulls perform this same mission? The answer is clearly in the affirmative, but only up to a point. Alternative hulls have their shortcominga when it comes to the use of force as a demonstration of U.S. resolve. But as seen from the above, the carrier can reasonably be expected to perform this mission only against those countries that are unable or unwilling to strike back at our floating air bases. Thus the carrier has become one of the more outstanding symbols of American "imperialism" in third world eyes.

Regardless of how one sees the utility of the carrier in carrying out this mission, no new carriers are needed to perform it. Given our current and projected assets, no additional Nimitz class carrier can be justified on this ground.

Finally there is the mission of supporting amphibious operations. Can such operations be performed in high threat areas? As noted above, carriers are extremely vulnerable in such circumstances. The only amphibious operations we can expect carriers to support with a reasonable degree of success are against third world countries. This is true for another reason as well: As currently structured, our Marine Corps is ill-equipped to fight against anyone but third world countries. The Warsaw Pact ground forces strongly emphasize the use of mechanized vehicles and tanks. Our Marines are lightly equipped, as they are infantry units. In order to stand up against the Warsaw Pact threat, our Marines will have to move in the same direction as our Army divisions, by transforming "light" units into "heavy" ones. Once again, the carrier mission of supporting amphibious operations is best suited to brushfire wars. But we already have enough carriers on hand and for the foreseeable future to assist U.S. policy objectives against third world countries, should our national leadership decide that this is a wise course of action, and should public opinion support such action.

Conclusion

The U.S. Navy is now embarked on a course which reflects the balance of power within the Navy but may well reverse the world-wide balance of power. There are those within the Navy whose desire is to buy at least eight more Nimitz class carriers. In terms of useable capability this investment will prove most useful against third world nations, and is extremely questionable if applied directly against the Soviet Union. But the stand against the super carrier does not have to be made in terms of third world solidarity. Real threats to the security of this nation do not come from the third world; they come from the Soviet Union. The ships of the United States Navy should reflect this assumption.

IV. B.—FIVE WAYS TO GO IN U.S. NAVY SURFACE COMBATANTS

Optional: The Nimitz Class Super-Carrier (CVNX). The United States Navy has presented voluminous material in support of the Nimitz class super carrier. What are the benefits that flow from the purchase of these $2 billion platforms?

First, the super-carrier is truly a multi-mission ship. It can perform power projection missions as well as sea control missions. It is particularly fitted to demonstrate U.S. resolve in crisis situations, as the carrier is an inherently flexible military tool. If any surface ship can operate in a high threat environment close to the periphery of the Soviet Union, it is the super-carrier.

Because of its nuclear power, the super-carrier has outstanding endurance. It need not be deployed on-station to have an impact, as the carrier and its air group can move at high speeds for long distances. The air group itself is extremely large and can project power ashore where there are no land bases to support U.S. aireraft. The amount of power that can be projected ashore depends on the level of effort that will be placed against it.*

The Nimitz class carrier is most effective against the third world nations that are unable or unwilling to challenge the floating U.S. airfield. The success of any country wishing to neutralize the carriers effectiveness will depend on that country's ability to penetrate the carrier's defensive screen to orchestrate a mass attack against the carrier itself.

Few third world nations possess these capabilities; those that do may be unwilling to try to knock out the carrier for fear of reprisals. The Soviet Union, however, does have the capability to knock our carriers out of action. The debate over the usefulness of the carrier hinges on one's perception of the carrier's ability to perform its stated roles and missions when challenged by Soviet forces. And it is the judgment here that at present, the carrier can be incapacitated fairly easily in high threat environments.

As we discussed earlier, the Soviet Navy can incapacitate carriers by mounting a saturation attack by and, sea and air. In war, all of the U.S. carriers that are forward deployed in the Mediterranean and the Western Pacific would face an immediate threat from Soviet attack submarines, surface vessels and Soviet land-based airforces.

The extreme nature of the Soviet threat directed against our carrier forces is magni-

*(See roles and missions section.)

fied by the small number of carriers that the U.S. can field. Because it is unlikely that the U.S. can have more than 13 carriers at sea, Soviet forces can concentrate on an extremely small number of high-value targets.

Given the presumption of the vulnerability of the Nimitz class carrier, any cost/benefit analysis reaches negative conclusions about this carrier's real worth. The Nimitz class carrier becomes most useful in scenarios against second rate powers.

It is unquestionably a devastating weapons platform against those who cannot disable it; but is it worth the cost?

First, is this the kind of war that the American public and their leadership believe in fighting?

Second, are current carrier assets with their 35 year useful life cycle sufficient to wage this type of war in the future should the U.S. become involved?

Third, what are the opportunity costs of continuing to invest $5 billion in Nimitz class carrier task forces?

As can be seen in the Roles and Missions section of this report, the opportunity costs to the U.S. Navy and to the national defense are staggering. While the U.S. has superior numbers of major combatants those numbers have dwindled as a result of the block obsolescence of World War II ships. Our surface combatant forces must be built up in many separate classes of highly capable ships. We will not be able to accomplish this given any realistic estimate of ship construction budgets, if we continue to build super-carriers. The United States Navy needs more ships, and highly capable ships to meet realistic mission requirements. The super-carrier, rather than solving the Navy's problem of contracting power, only exacerbates it.

Impacts of New Technology

There are a number of programs now in research and development which work both to the advantage and disadvantage of the Nimitz carrier.

First, the AEGIS air-defense system if it can be made to work, could be instrumental in absorbing a Soviet mass attack against our carrier forces. AEGIS will be put to sea no sooner than FY1982. Every carrier task force will have two AEGIS—equipped ships as escorts but it will be well into the 1980's before all of our carriers at sea are escorted by AEGIS systems.

It remains to be seen if AEGIS can perform as hoped. But assuming this is the case, there is always the truism in R&D that for every advance, there is a counter. For its part, the Soviet Union has been working on an antiship missile with ballistic trajectory and speed. If the Soviets can work the problems out of this weapons system, and if they can develop proper guidance for it, then AEGIS will not be able to protect our carriers. But these are two very large "ifs". Another possibility that is more in line with Soviet practice is to try to overwhelm the AEGIS defensive system by sheer numbers. Between now and the time our carrier task forces are protected by AEGIS, the USSR can build over 200 carrier disabling surface ships and submarines. It will be difficult for any defensive system, no matter how sophisticated, to keep up against these odds.

Option 2: Cost-benefit analysis: The midi-carrier (CVNX).

Another proposal that has been suggested by some is the nuclear powered Midi-carrier—a smaller version of the Nimitz, approximately two-thirds the size of the Nimitz, with a proportionally smaller air group. From the perspective of bureaucratic politics, the Midi may make some sense: It offers a way to wean the carrier admirals away from the costly Nimitz class, while still awarding them with additional carriers.

What are the positive aspects of choosing a nuclear-powered Midi instead of a Nimitz? First, it will save precious resources that can be applied to other urgent naval construction needs. The Nimitz advocates have argued that there will be little cost savings by going to a smaller carrier, once design and R&D costs are factored in. They are correct up to a point, but they pointedly do not include the cost of the different sized airwings in their analysis. While the Navy has not yet publically released detailed life cycle cost studies of the Nimitz vs. Midi including the costs of the air group, it is reasonable to assume that there would be at least a cost savings of $4.0 billion over the estimated 30 year lifecycle of the carrier by going to the Midi-carrier based on its smaller air wing.

Because of its smaller size, the Midi would be hard pressed to project power ashore; because of this, the Navy would hopefully fit the ship in primarily a sea-control configuration. This would greatly increase our capabilities in this mission area, but all of this is conjectural as the Navy is clearly wedded at the present time to power projecting power ashore against third world nations.

What are the drawbacks of the nuclear-powered Midi compared to a Nimitz? The Midi will not and cannot house the airpower that is on board the Nimitz. Therefore, when it is called upon to project power ashore there will be less power to project. To some extent, this can be countered by the theater use of precision guided munitions. But in scenarios calling for massive air strikes against inland targets where the U.S. has no access to land bases, the Midi will be at a disadvantage.

The Midi will be at a clear disadvantage in projecting power ashore in high threat areas. Against the Soviet Union and the Warsaw Pact, the Midi would be even more vulnerable than the highly vulnerable Nimitz class carrier. It is hoped that for this reason the Navy would configure a Midi to perform sea control rather than power projection.

So far, we have only talked in terms of the drawbacks of the Midi compared to the Nimitz. To a far greater extent, the drawbacks of the Midi and the Nimitz are the same, the only difference being one of degree. A class of Midi's will create many of the same problems for the Navy as the Nimitz class, only to a lesser degree.

The Navy will still be vulnerable to the "too many eggs in one basket" situation with nuclear-powered Midi carriers; the Navy will still suffer a great shortfall in ship construction investment, which will be exacerbated by the Navy's insistence on a relatively few, very expensive platforms; the Navy will still be purchasing relatively few high value targets which are extremely vulnerable to attack; the Navy will still have a great degree of difficulty in supporting amphibious operations with Midi's in high threat environments.

In a summary, the nuclear powered Midi is a better choice than the Nimitz, mainly because it can free up ship construction resources to more useful programs, and because it may help wean the carrier admirals away from their luxurious habits.

Option 3: The conventional Midi-Carrier (CVX).

The choice becomes more clearcut between a conventionally powered Midi and a nuclear powered Nimitz class carrier. By going with conventional power, the Navy could build a much larger fleet of carriers, which would alleviate the problem of putting "too many eggs in one basket." Further cost savings could result from a decision to minimize design costs by emulating the design for the Midway classes. The Navy should be able to build between two and three conventionally powered Midi-carriers for the price of one Nimitz; additional savings would accrue from reduced aircraft procurement and operation and maintenance costs. The cost of the conventionally powered Midi may still be too high, if we consider its primary mission as sea control. But this Midi would still be a multimission capable ship.

The greater number of conventionally powered Midi's that could be purchased makes possible the use of these platforms for power projection, as a number of carriers could be used together if needed. The two or three conventionally powered Midi's that could be purchased for the price of one Nimitz could pool their airpower, which would be greater than that of one Nimitz. In this manner, the Midi could still operate in high threat areas if called upon to do so. At other times, the two or three smaller carriers could patrol separate areas of the ocean.

But if the U.S. Navy is to perform sea control in the most cost effective manner possible, then it makes sense to buy a less expensive platform still.

Optional 4: The Mini-Carrier or VSS—the optional carrier.

A far better solution to the carrier problem would be to build a large number of highly capable vessels that are able to control the seas, project power in low threat environments, control the airspace, and show presence.

The Mini or VSTOL Support Ship (VSS) is the affordable way of achieving all of these objectives. The VSS is essentially a helicopter carrier, although it can carry vertical and short take-off and landing aircraft (VSTOL). VSS designs vary, but the ship may displace slightly more than 20 000 tons (compared to a Midi's 60,000 tons and a Nimitz's 90,000 tons). In carrying up to 35 helos or VSTOL aircraft. VSS platforms can house as many if not more antisubmarine warfare aircraft than are presently on board the Nimitz. The VSTOL aircraft can carry stand-off, precision guided munitions to provide either an offensive or defensive capability.

One of the problems with VSTOL aircraft has been its limited range, performance, and payload. An improved VSTOL aircraft (the AV-16) is currently in the final phases of research and development which would double the Harrier's range and payload. Two other VSTOL aircraft are in the R&D process and may present even more exciting possibilities.

There are additional mission possibilities for a VSS ship. The ship appears to be heavy enough to accommodate the AEGIS system, which would provide it with a significant air defense capability, as well as its ASW capability. The costs of adding AEGIS would be high, but certainly well below current plans to place AEGIS on the strikecruiser (CSGN), which wil place the cost of the CSGN at $1 billion per copy.

The low cost of the VSS is the best thing about the ship; the Navy estimated in 1975 that the follow-on ship costs for this class of ships to be $300M per copy. This means that we could build at a rough estimate, at least eight VSS class ships with associated air support for every Nimitz carrier task force. Taking away the Nimitz mission of projecting power ashore in high threat areas, which is a dubious capability at best, the Nimitz and the VSS would be performing the same tasks; but the VSS would be doing them at a fraction of the cost. For an equal capital investment, eight VSS ships can be performing these tasks in many parts of the ocean; the Nimitz and its task force can only be in one part of the ocean at the same time. Of course, the numbers of VSS's that can be purchased will necessarily be lower if the AEGIS capability is added.

What additional benefits could accrue with a large fleet of VSS ships? First of all, it would cut down considerably on the Navy's expensive aircraft procurement programs, thus freeing up even more money for additional highly capable ships. Likewise, operation and maintenance costs would be curtailed or shifted to other programs, particu-

larly the ship maintenance accounts. For an equal capital investment, eight VSS would provided three times the number of aircraft at sea than would a Nimitz task force. This posture will provide the U.S. with a sea control sorely lacking at the present time, while still maintaining an offensive capability.

Because so many more highly capable ships would be at sea with a VSS fleet, the Soviet sea denial mission would be tremendously complicated; it would be extremely difficult to mount a saturation attack against so many targets operating in so many areas.

The largest drawback of the VSS approach to sea control and power projection is that it totally goes against the ethos and power structure of the U.S. Navy. Perhaps this is why the program has been downgraded at the expense of luxury platforms like the Nimitz and strike cruiser. In late 1975, the Navy actually planned to fund the first VSS in 1977, and two ships each year thereafter for the next three years. The Navy's newest five year SCN program funds only one VSS, and that in FY 1980.

Option 5: The Strike Cruiser (CSGN).

The Department of the Navy is proposing procurement of a class of nuclear-powered surface combatants known as Strike Cruisers. The Strike Cruiser will be equipped with the AEGIS air defense system, surface to surface missiles, and two VSTOL aircraft or helicopters. Construction of the leadership will begin in FY76; current plans call for it to be ready for delivery by December 1983. Cost for the leadship is estimated at $1.37 billion; following ships are estimated at $1 billion per copy.

The strike cruiser will indeed be a highly capable ship. The Navy expects it to perform alongside the carrier in high threat areas, trying to fend off saturation attacks. The CSGN can also operate independently of the carrier, as the head of its own task force. Nuclear power will give the CSGN amazing endurance.

But is the strike cruiser worth its cost? Can the roles and missions of the strike cruiser be performed by other less expensive platforms?

First, lets look at the air defense role. There is no doubt whatsoever, as the Navy has testified, that "strike cruisers will increase markedly the difficulty of mounting saturation-level missile attacks on U.S. carriers or cruiser task groups by Soviet submarines, aircraft, or surface ships."

But isn't there a cheaper way to help absorb mass cruise missile attacks? The Navy intends to use a $1 billion investment to protect the carrier investment. If AEGIS works as advertised, and if the Soviet threat does not become more severe, the Navy Strike Cruiser may prove its worth. But if it fails, then there will be precious few ships in reserve; at $1 billion and $2 billion per ship, we will not be building too many of these nuclear powered platforms, and what if AEGIS is moderately successful? Does this mean that the Strike Cruiser and the carrier will receive only too hits apiece instead of four? What it the Soviet threat increases, as can be expected? The USSR can build 110 carrier-killing surface and submarine platforms before even the first Strike Cruiser is deployed. The Soviet response would, however, be more limited than this due to cost and shipyard limitations.

What about the Strike Cruiser's capability to operate independently? First, is it reasonable to expect independent operations until we have enough AEGIS-equipped ships at sea to protect our forward deployed carriers? We are looking well into the 1980's before AEGIS Strike Cruisers can be expected to operate independently. Second, the CSGN's nuclear power bonus will only be useful if all its escorts are likewise nuclear powered. This seems highly unlikely in view of fiscal constraints.

A much cheaper and more practical alternative is available—and that is to place AEGIS on conventionally powered platforms. One possibility is to build a greater number of AEGIS Destroyers, designated as DDG–47's. Another candidate that should be carefully reviewed is the VSS, or helicopter carrier. As discussed earlier, an AEGIS VSS would be far superior to a strike cruiser in terms of its ASW because each VSS houses 35 aircraft compared to the Strike Cruiser's two aircraft and missile capabilities. Most importantly, it would also be much less expensive.[10] At least twice the number of AEGIS platforms could be provided to the fleet utilizing the conventionally powered VSS approach than the nuclear powered strike cruiser. The greatest drawback here is that AEGIS VSS platforms cannot keep up without nuclear powered carriers. AEGIS DDG–47 destroyers, however, do have enough speed to keep pace with nuclear-powered carrier operations.

The strike cruiser is the perfect companion for the Nimitz class carrier. Both are true blue chip properties; both are mutil-mission ships. Both are the logical extension of the Navy's understandable desire to counter the growing Soviet threat on the seas with "bigger and better" ships. The problem with this approach is that (1) these ships may still be extremely vulnerable and (2) they will certainly eat up construction funds for additional ships. If our "first Line" of naval defense does not work as advertised, then we will have precious little to fall back on.

IV. C.—NUCLEAR VERSUS CONVENTIONAL SHIPS

Few would questien the desirability of nuclear power for our submarine forces. Nuclear power provided a technological breakthrough that permitted submarines to operate indefinitely while submerged, making them an almost invulnerable strategic delivery vehicle and a worthwhile tactical investment. But the case for nuclear powered surface ships is more complex, and certainly questionable.

What has brought this issue into sharp focus is congressional passage of Title VIII of the Military Authorization Act, enacted August 5, 1974. Title VIII provided that "New construction major combatant vessels for the strike forces of the U.S. Navy authorized subsequent to the date of the enactment of this Act becomes law shall be nuclear powered . . ." The provisions of this law apply to aircraft carriers, cruisers, frigates and destroyers. However, conventionally powered ships in these categories may be proposed by the President if he advises Congress that construction of nuclear powered vessels for such purposes "is not in the national interest."

The five year ship construction program provided by the Secretary of Defense in his Annual Statement indicates that four nuclear powered ships will be sought by FY 1981 (including two nuclear-powered carriers and two nuclear-powered strike cruisers). Elements of the Department of Navy and some members of Congress favor an expanded program, including an effort to make all of the AEGIS ships nuclear powered instead of the conventional nuclear mix that DOD has proposed.

The critical question facing Congress is whether the investment in nuclear power for surface ships is worthwhile. To answer this question, one must have some etsimate of the costs and benefits of one sort of platform as opposed to another.

The cost of nuclear power

Attempting to quantify the disparity in nuclear versus conventional ship costs is no simple task. Nevertheless, a meaningful range of estimates can be derived. This range is based on the following representative data:

(1) A comparison of the costs of nuclear as opposed to conventional platform for the AEGIS weapon system.[11] Estimates show that the nuclear powered leadship is 42 percent greater than its conventional counterpart ($1.185 billion versus $835 billion in FY 1977 dollars); the disparity rises to 65 percent for followships ($760 million versus $460 million in FY 77).

(2) An estimate of the construction and 30-year fuel costs of aircraft carriers with conventional and nuclear propulsion, showing the nuclear version costing 54 percent more.[12] The same is true for cruisrs.[13]

(3) Life-cycle comparisons on a single ship basis reported by the Secretary of the Navy indicating that the nuclear ship costs about one-third more than a conventional ship.[14]

(4) An estimate by Admiral Rickover that the lifetime cost for a complete nuclear test group (CVN plus four escorts) is 6 percent greater than a conventional carrier with four conventional escorts.[15] While the 6 percent would still be a sizeable amount (over $1 billion), it appears to be an overly optimistic figure. Studies conducted in the Office of the Secretary of Defense have cited figures showing that six conventionally-powered escorts have full life-cycle costs (investment, operating, and support and escort ship costs) that are almost identical to comparable costs for four nuclear-powered escorts. At the opposite extreme from Admiral Rickover is Admiral Zumwalt, who stated that five conventional ships are lost for every single nuclear ship built.[16]

Based on the above and other evidence, it appears that the full life cycle costs (including an allotment for support vessels) of a nuclear powered ship is one-third to one-half greater than the cost of a conventional ship. In other words, the outlays required to build and fully maintain six nuclear powered surface ships could construct and support eight to nine conventional vessels.

The Benefits of Nuclear Power

The first and most important advantage of nuclear power is the added endurance, especially at high speeds, that it provides. The claim is frequently made that nuclear vessels have "unlimited" endurance. This is quite misleading. Even a complete nuclear task group will be constrained in range because of its requirement for (a) aviation fuel, (b) ordinance, (c) food. More room is available for these supplies on a nuclear vessel (e.g., 50 percent more capacity for ordinance), but not that much more.

The real question, however, is how much endurance is enough. A conventional escort can steam for several thousand miles at 20 knots. How much extra steaming capacity does it need? The Navy's answers to this question are not satisfactory. For example, a key Department study of conventional as opposed to nuclear task forces pointed to a nuclear task force's capability to go from the West Coast to the North Atlantic. Such a marginal capability hardly seems worth the extra cost.

A second advantage of nuclear power is reliability. While claims along these lines are no doubt true, significant defferentials have not been demonstrated.

Nuclear ships also have the decided advantage of not being dependent upon conventional power. Modern nuclear carriers are designed to run for fifteen years without needing their energy cores replaced. The recent oil crisis makes it important that the Navy not be solely dependent on oil or upon good relations with the oil-producing countries. Oil, it is argued, could be our Achilles heel in future conflicts. This fear can be exaggerated, however, since the U.S. Navy consumes only 1% of the U.S. oil consumption and this amount would no doubt always be available to it.

Nuclear engineers have consistently increased the life of reactor cores to the fifteen year mark and can be expected to progress

Footnotes at end of article.

even further as the state of the art is improved. The goal is to eventually provide a power plant to a ship equivalent to the total life-span of the ship which is approximately 30 years. This could save millions of barrels of oil since "the energy equivalent of the core of a nuclear carrier is 11 million barrels of oil, or a chain of tank cars that reaches from Washington to Boston."[17]

As of mid-1975, the U.S. has 112 nuclear ships in operation. One-hundred and five are submarines and 41 of these are Polaris or Poseidon ballistic missile submarines (SSBNs). The remaining 64 are attack submarines (SSNs). The U.S. also has seven nuclear powered frigates and a nuclear cruiser. Thus, there are enough nuclear powered ships to compose one and a fraction all-nuclear carrier task forces at present. Thirty-six additional nuclear-powered ships have been authorized at present.[18]

Advocates of the nuclear boats stress that these submarines and ships are more expensive to build than conventional ships, but they give you significant additional military power and less vulnerability than conventional ships. Nuclear powered submarines with ballistic missiles can, for example, hide under the polar icecap and launch their missiles through holes in the ice pack. This frustrates antisubmarine warfare against them. Conventional submarines could not do so.

Nuclear powered carriers would be free of the need for oilers and can carry 50% more ordinance and significantly more aircraft fuel. Moreover, their size will allow them twice the aircraft launch rate and the longer platforms are safer for aircraft, saving lives and expensive aircraft. The nuclear carrier is also faster than its conventional counterpart and can run at top speed for an indefinite period of time.

Of course, expensive nuclear powered escorts are needed to keep up with such a nuclear supercarrier in order to maximize its capabilities. As one advocate of nuclear power describes it:

"In a real combat situation a sophisticated enemy would make a determined effort with nuclear submarines to interrupt our supply lines and sink our replenishment ships. Under such circumstances, the ability of nuclear warships to retire at high speeds from the areas of highest threat in order to replenish combat consumables in areas of lower threat and then return to the strike area at high speed could mean the difference between victory and defeat in the strike area."[17]

Nuclear carriers can travel approximately as fast as the attack submarines they are pitted against. Their speed can aid their survival. Moreover, since they can carry food to last for 75 days they can stay at sea for the entire duration of any short war. No longer at the mercy of their slow and easily-targeted oilers and supply ships, the CVANs can operate with great combat flexibility, assuming they can survive against threats directed against them.

Advocates of a nuclear Navy argue further that if the Navy is restricted to "only" twelve carriers, it would make sense to make these carriers as capable as possible to cover as many of the sea tasks that were formerly assigned to fifteen carriers. This is based on the assumption that fifteen was a number required to carry out the foreign and defense policy of the U.S.

Admiral Rickover, in arguing for a nuclear powered fleet summarizes the case for nuclear ships and submarines. He states that:

"These studies have brought out time and again that a nuclear surface warship has a higher initial investment cost than its conventional counterpart, but that when overall costs are taken into consideration, the nuclear ships are not much more expensive and provide greatly increased military capabilities."[20]

Disadvantages of Nuclear Power

A decided disadvantage of nuclear powered ships is that because of their enormous expense, they reduce fleet sizes. This can have an adverse effect upon the ocean area that the Navy can cover at any point in time. As the Navy likes to point out over 70% of the earth's surface is ocean and numbers of ships do matter because the areas under the combat radius of the fleet vary as the numbers of ships vary.

The reduction of fleet sizes also increases the vulnerability of the Navy to surprise attack. While one nuclear ship may be superior to one conventionally-powered ship, there are likely to be fewer nuclear ships at a given deployment. These provide a small number of high value targets to a Soviet Navy that has "first strike" capabilities. Thus having three conventional as opposed to two nuclear ships can provide a far more survivable force even though on a one-for-one basis the nuclear ship is better, especially if surrounded by nuclear-powered escorts.

Clearly, the Navy goal of 600 ships is out of reach if the Navy opts for a surface force of nuclear-powered ships. Fiscal restraints are too great to permit the kind of national investment that would create a 600 ship nuclear-powered navy. Indeed it is difficult to see how the Navy could build a 600 ship Navy in any case, since the 600 ship navy would assume unlimited Navy budgets in the years ahead, more skilled Navy Yard workers than are likely to be available, more shipyard capacity available than is now likely to be available, faster ship production than has been the norm, and a great deal more political support than is now evidenced by Congress for an expanded fleet size in an era of reduced confrontation with the Soviet Union.[21]

Nor is a much larger nuclear Navy feasible without heavy investments in an expanded nuclear shipyard capacity. There is only one yard, Newport News, that is currently performing work on nuclear powered surface combatants. As one analyst observes, "The ability of Newport News to build such vessels at the levels the Navy desires must be met with considerable skepticism in light of its past ship construction problems as well as its additional defense and commercial workload."[22]

Nuclear ships may also not be necessary for operations and missions directed against opposition other than the Soviet Navy. Aside from the Soviet fleets, the U.S. Navy is virtually unchallenged on the world's oceans. If the carriers most likely mission is to provide tactical air support in limited wars in third world countries such as Korea and Vietnam and if the likely opponents cannot deal even with conventionally-powered ships, then the case for a nuclear powered Navy for those missions is moot indeed. It should be noted that the Soviet Union has yet to build any nuclear-powered surface warships.

Options: A High-Low Mix or Many More Conventional Ships

There are three primary choices facing defense anlysts with regard to nuclear power: (1) go along with the directions of Title VIII and build all nuclear-powered ships. This is an unrealistic option given the great price of such vessels. Much to the concern of Congressional sponsors of Title VIII, the Navy rejected this an option in their testimony on the FY 77 budget already this year; (2) develop a mix of very expensive nuclear-powered surface ships and submarines with a greater number of conventionally-powered ships; (3) abandon nuclear powered surface ships and build far higher numbers of conventionally-powered ships.

Whether one favors option (2) or option (3) depends basically upon one's evaluation of nuclear carrier capabilities and vulnerabilities. If such expensive vessels provide only marginal offensive capabilities and yet are still extremely vulnerable to attack submarine or airplane or cruise missile attacks, then, the Navy would do better to invest in lower-cost platforms to preserve the fleet through numbers rather than through mobility and added firepower. Since the nucleus of seven surface combatant are already built it would seem wise to flesh out the current two nuclear attack carriers with nuclear-powered escorts: The two nuclear-powered carriers now under construction can be accompanied by high speed conventionally-powered escorts. A large force of conventional VSSs and conventional escorts would seem a wiser idea in view of the continued vulnerability of surface combatants. Safety and surivival of the Navy seems to lie in numbers. This is the lesson of the new military technologies represented by precision-guided missiles and the nuclear powered attack submarine. Dispersion and numbers are likely to insure the Navy's survival more effectively than massing all Navy resources in a small number of blue-chip platforms. Dispersion and numbers are the key to the Navy's ability to effectively carry out its roles and missions. Current Navy leadership may well understand this fact of life, but it is unable to give up its most cherished blue chips. Until it is forced to do so, our Navy will continue to be overly expensive and vulnerable.

IV. D.—SHOULD WE INVEST IN GREATER READINESS AND FEWER NEW SHIPS?

In a speech delivered August 30, 1974, Admiral Hyman Rickover stated:

"What is the condition of the ships in our fleet? In my opinion there has been no period in the past 50 years where the fleet has been in as poor condition as it is today."

This opinion voiced two years ago is still valid for little has changed to improve the maintenance and readiness of the fleet in the past one and a half years. Official inspection reports of the U.S. Navy indicate that only 5 of 82 ships inspected during 1973 and 1974 met navy standards for combat readiness. If these samples were representative, and there is no reason to think they are not, this would mean that only about 30 of the present 477 ships in the U.S. Navy meet the Navy's standards for full combat readiness.[23]

These deficiencies in readiness and maintenance can degrade the Navy's combat capability as readily as lack of ships, aircraft, or missiles. The conditions are caused by a combination of several factors including (1) shortages of skilled manpower aboard ships, (2) underfunding of Operation and Maintenance (O&M) activities, (3) problems with the shipyards, and (4) problems with new construction. What is important to bear in mind is that the Navy operates with a relatively fixed budget from year to year. If all available money is sunk into new ships and O&M funding is held down, the fleet may be in far worse shape than if the same funds were invested in O&M and funding of shipyard personnel. Also, shipyard capacity is somewhat fixed and perhaps a better investment of time and skills might be made if ships were repaired in larger numbers and built in fewer with the same available resources.

A vivid example of the tradeoffs between investing in new ships versus investing in increased maintenance is provided by the fact that for the price of one nuclear-powered strike cruiser ($1.2 billion), the Navy could pay for repairs and modernization for all 74 ships in the current overhaul backlog (priced at $1.0 billion).[24] Clearly such investments in readiness ought to come first since more added combat power can be

Footnotes at end of article.

produced per dollar in O&M than through new construction.

SUMMARY AND CONCLUSIONS: SEAPOWER

Several conclusions flow from the foregoing analysis:

First, the United States remains the foremost naval power in the world today, stronger than any rival Navy including the Soviet Navy. The addition of naval strength of the U.S. allies including Canada, Japan, France, Italy, and the United Kingdom dramatically increases the naval capabilities of the U.S. vis-a-vis any combination of naval rivals.

Second, this is not to imply that the Soviet Navy does not provide a formidable challenge to that of the U.S. in fulfilling our missions of sea control and reinforcement of NATO by sea. It is easier to deny the sea lanes to another power than to protect them.

Third, the studies to date of what kind of attack aircraft carriers to build for the future have been incomplete. U.S. Navy force planning has not been coherent and new studies should be initiated to examine the mini-carrier option as well as the conventional midi-carrier as compared to the nuclear powered midi-carrier or the mini-class nuclear-powered super-carrier. A far clearer picture of costs, performance tradeoffs, and congruence with specified missions must be made. Such a study should be honestly conducted, perhaps by the Office of the Secretary of Defense and the Joint Chiefs of Staff, and made available to the Congress before major investment decisions are approved. While the picture is still not completely clear, the very high-cost Nimitz would appear to be an inappropriate choice for fleshing out the entire 12 carriers projected for the future.

Fourth, more Navy funds should be reprogrammed for ship maintenance and repair and extensive efforts should be made to improve the dismal readiness record of Navy ships, submarines, and aircraft. The fleet is in a state of disrepair which, if corrected, would do more to improve combat effectiveness than any similar investment of Navy funds in any other program.

Fifth, the Navy should eliminate its own official requirement for aircraft carriers to operate in extreme high-threat areas like the Eastern Med. Other U.S. ships should be assigned the power projection role in such contingencies.

Finally, until the new Carrier Alternatives study is done in great detail including a cost-effectiveness comparison of the mini-carrier, the conventional midi, the nuclear midi, or the Nimitz carrier class, no further funding of new aircraft carriers should be funded by Congress. The $350 million in funding for an additional Nimitz-class carrier requested in a supplemental to the FY 1977 Navy budget should be disallowed until it is clear from such a study that building an all-Nimitz carrier force is the way to go. This study should be available for hearings on the FY 1978 budget and any appropriations should wait until then.

FOOTNOTES

[1] This estimate and others are based on figures supplied by the Congressional Budget Office. CBO, FY1977 Report, March 15, 1976, p. 85. Maintaining 600 ships would cost $3.2 billion more than 500 ships. 650 ships would cost $1.6 B beyond 600 ships at $3.2 B per 100 new ships.

[2] Alva M. Bowan, "U.S. Naval Expansion Program; An Analysis of the Cost of Expanding the Navy from 500 to 600 ships", Library of Congress Report UV-10D4, Washington, D.C., April 7, 1976. Released by Rep. Aspin on April 20, 1976.

[3] Sea lane control depends upon dominance in the air, on the surface, and under the surface. The USSR may someday also need overseas re-supply capabilities as it increases its own use of third world metals and food production.

[4] This has led one observer to comment "since current trends favor the submarine over the surface ship, smaller, faster, less vulnerable surface units with enhanced striking power will be needed, and in greater numbers. Serious doubts arise about the ability of any navy at any cost to keep open lengthy or numerous sea lanes, and of most oil-dependent economies to operate for long without seaborne supplies." See John H. Morse, "New Weapons Technologies: Implications for NATO," *Orbis*, Summer 1975, No. 2, Vol. 19.

[5] Remarks of Senator Patrick Leahy on floor of the Senate, April 13, 1976. These were based on information provided Senator Leahy by the Joint Chiefs of Staff.

[6] *Ibid.*

[7] Hearings, Senate Armed Service Comm., Defense Procurement, FY76 and FY7T, p. 820.

[8] Quoted from Holloway's first press conference at Pentagon after he was made CNO. October 30, 1974.

[9] Secretary of the Navy Middendorf recently said, "It is going to be so hostile out there, the survival life of a ship will be measured in minutes in some cases in high threat areas. See: House Armed Service Committee Hearings, FY1977 DoD Budget, Part 1, pp. 851–852.

[10] The addition of AEGIS plus SAMs will drive costs of VSS.

[11] Alva M. Bowen, "Aegis Weapon System Ship Selection," (Washington, D.C.: Congressional Research Service, 1975), p. 18.

[12] Barry Blechman, Edward Gramlich, and Robert Harman, *Setting National Priorities*, the 1976 Budget, (Washington, D.C.: The Brookings Institution, 1975), p. 108.

[13] FY76 HASC, pt 1, pg. 167, FY76 ADA pt 1, pg. 343.

[14] Secretary of the Navy William Middendorf, answer to prepared question from Senator Stennis, *FY1976 and Transition Period Authorization for Military Procurement . . .* Hearings before the Senate Committee on Armed Services, 94 Cong. 1 Sess., (1975), p. 783, part 2.

[15] See Rickover's Testimony in *DOD Appropriations for 1975*, Hearings before the House Appropriations Subcommittee on Defense, 93 Cong., 2 sess., (1974) pt. 8, p. 19.

[16] "Zumwalt Describes Nuclear Theology, *Science Magazine*, Oct. 10, 1975.

[17] Admiral Hyman Rickover, testimony before House Comm. on Armed Services, Hearings on Military Posture, Dept. of Defense Authorization, FY77 and FY7T, Seapower Subcommittee Hearing on the Procurement of Naval Vessels, March 17, 1975, 94th Congress, 1st Session, Part 3, p. 3661.

[18] *Ibid*, p. 347.

[19] Ibid, p. 3670.

[20] Ibid, p. 3674.

[21] See "The Feasibility of A 600 Ship Fleet" by Representative Les Aspin, Report to the Military Affairs Committee of Members of Congress for Peace through Law, Fall 1975. Aspin argues that a 600 ship Navy is not at all feasible given the Navy's own assumptions and the conditions of the shipyards and labor market. He projects a force of 550 using the Navy's own planning assumptions, a force of 514 ships using even the assumption of unlimited budgets, a force of 490 ships assuming limited budgets, and a force of 425 ships as a "pessimistic" fleet projection.

[22] *Ibid*, p. 10.

[23] See "The State of the Fleet", Report by Representatives Les Aspin, September 22, 1975, p. 8.

[24] Estimate of Secretary Middendorf, *Fiscal Year 1796 and Transition Period Procurement Authorization*, Part 2, p. 780. See also, Aspin, "The State of the Fleet", p. 11.

U.S. Foreign and Defense Policy Alternative Posture Statement: Part 2, U.S. Defense Manpower Issues

I. Introduction: Overview of DoD Manpower

By far the largest costs in the Department of Defense FY77 budget go to defense manpower in the form of pay, fringe benefits, and operations and maintenance costs. Overall 51.7% of the FY77 budget is allocated to manpower costs. A total of $51.8 billion will be spent in FY77 if the DoD budget is fully approved, an increase of $2.4 billion over FY76.

Altogether, 5,622,300 persons were paid by the Pentagon in FY76. This breaks down into the following categories:

People paid by DoD

[End of fiscal year 1976]

MILITARY	
Active duty military	2,101,000
Drill paid reserves	885,100
Retired military	1,100,000
CIVILIAN	
Direct hire civilian	1,017,000
Indirect hire civilian (foreign)	95,600
Contracted out work	100,000
Student programs	23,700
Military morale and welfare	300,000
Total: Both military and civilian	5,622,300

Further, DoD supplies the administrative support for several other categories of reserves that are not directly or indirectly paid except through increased retirement points if they choose to volunteer for extra training. These include:

Individual ready reserves	738,000
Standby reserves (active)	386,000
Standby reserves (inactive)	81,000
Total unpaid reserves	1,205,000

The IRR force can be activated if the President declares a state of emergency. The standby reserves require an act of Congress to mobilize them. Thus, the universe of defense manpower, short of resurrecting the draft, is 5.6 million paid military and civilians and 1.2 million unpaid reserves. In addition, there are 483,000 people in the Army and Air Force National Guards maintained by the states.

Defense manpower is the largest area of investment in the Defense budget. If large savings are to be realized in Defense spending, it is here. If the Defense budget were to be justified from the ground up, one would ask such questions as:

(1) What kind of foreign policy should we have and what defense manpower force is needed to maintain it? How do changes in foreign translate into changes in defense manpower?

(2) If one assumes the present foreign policy is correct, how can you do the same job more efficiently or economically? How can you either increase combat power through changes in defense manpower or decrease costs while maintaining the same level of military capability?

(3) Finally, what kinds of changes in compensation for Military manpower make sense both from the criterion of equity and of costs?

The following analysis is an attempt to deal with these issues. First, let us look at the relationship between defense manpower levels and alternative foreign policies.

II. Defense Manpower and Foreign Policy Alternatives

A. Current policy and deployments

The U.S. now deploys 467,200 troops abroad in support of its current foreign policy and

defense commitments to 42 countries. Of these forces approximately 140,000 are located abroad in Korea, Japan, the Phillipines, Taiwan, Thailand, or are afloat in the Western Pacific. The forward deployments of U.S. forces abroad is as follows: [1]

Unit, location, and mission:

1st Armored Division, 3d Armored Division, 3d Infantry Division (M), 8th Infantry Division (M), Bde, 1st Infantry Division (M), Bde, 2d Armored Division, Bde, 4th Infantry Division (M), W. Germany, Force presence. In concert with allied and other U.S. forces, deter Warsaw Pact aggression. Failing that, stop any Warsaw Pact ground attack and stabilize the military situation without major loss of NATO territory.

2d Infantry Division, S. Korea, Force presence. Provides ground combat and security forces for South Korea.

Army separate brigades

Berlin Brigade, W. Germany, Force presence.

193d Infantry Brigade, Panama, Defense of Canal Zone.

172d Infantry Brigade, Alaska, Defense of Alaska.

Navy ships and aircraft

Sixth Fleet *, 2 Attack/Multi-purpose Carriers, 16 Surface Combatants, 19 Attack Submarines, Patrol Ships and Auxiliaries, 1 Amphibious Ready Group *, 1+ASW Patrol Squadrons (12 aircraft), Mediterranean, Provide peacetime naval presence throughout Mediterranean. Maintain Mediterranean sea lanes in NATO conflict. Provide tactical air and amphibious "protection" forces in support of NATO land war, particularly any Warsaw Pact initiatives against the NATO southern flank. Provide crisis management or contingency force in Mediterranean.

Middle East Force *, 1 Flagship, 2 Surface Combatants, Persian Gulf, Arabian Sea and Indian Ocean, Provide peacetime naval presence in Persian Gulf, Arabian Sea and Indian Ocean. Provide limited contingency force in the area.

Seventh Fleet & Western Pacific*, 2 Attack/Multi-Purpose Carriers, 18 Surface Combatants, 20 Attack Submarines and Auxiliaries, 2 Amphibious Ready Groups,** 4 ASW Patrol Squadrons, Western Pacific, Maintain Western Pacific sea lanes in NATO or Asian conflict. Provide tactical air and amphibious "projection" forces in support of Asian conflict. Provide crisis management of contingency force in Western Pacific. Provide peacetime naval presence throughout Western Pacific.

Marine Corps Forces

Marine Amphibious Unit (afloat), Mediterranean, Provide forward afloat force presence in the Eastern Atlantic/Mediterranean.

Battalion Landing Team (afloat), Caribbean Deployed afloat intermittently, Provide forward afloat force presence in the Caribbean.

Special Mission Force, Guantanamo Bay, Cuba, Defense of Guantanamo Naval Base.

3d Marine Division (—), Okinawa, Provide forward deployed ground/air combat forces with amphibious forcible entry capability.

1st Marine Aircraft Wing (—), Japan and Okinawa.

Marine Amphibious Unit (afloat), Western Pacific, Provide forward afloat force presence in the Western Pacific.

Battalion Landing Team (afloat), Western Pacific.

Air Force Tactical Fighter Aircraft

26 Squadrons ***, 9 U.K., 8 W. Germany, 1 Netherlands, 3 Spain, 1 Iceland, 4 Dual-based, Provide force presence in forward areas. Provide close air support, gain air superiority, and provide interdiction for a NATO conflict.

9 Squadrons, 2 Philippines, 4 Okinawa, 3 Korea, Provide force presence. Provide close air support, gain air superiority, and provide interdiction for an Asian conflict.

Approximately $23 billion a year is spent on maintaining these Asian forces and the CONUS forces directed to an Asian Contingency.[2] Apparently there is now some tension between what we say our foreign policy priorities are and our military force deployments. Current policy is to maintain a defense line in such forward Asian states as the Republic of Korea, Thailand, and Taiwan while emphasizing verbally and with the bulk of our forces that Europe and the Middle East are considerably more important to our well-being. In Asia, Japan is considered of the most considerable direct interest to the defense and well-being of the U.S. and protection of Japan remains the cornerstone of our Asian policy.

Specific forces contributing to the Asian total are the 2nd, 7th, 9th, and 25th Army infantry divisions; the 2nd and 3rd Marine amphibious forces; the 3rd and 7th fleets; and the nine U.S. Air Force tactical squadrons based in the Philippines, Japan, and Korea.

A larger current share of the defense budget goes to maintain the forces we have in Europe and aimed at European contingencies. According to calculations done at the Brookings Institution, there was approximately $36 billion invested in such European forces by the U.S. in 1976. This breaks down as follows: [3]

[TOA in billions of fiscal year 1976 dollars]

Type of force	Europe	Asia	Unallocated
Ground combat forces:			
Army	$16.8	$6.5	$2.6
Marine Corps	.9	1.9	
Tactical air forces:			
Air Force	4.9	2.1	8.8
Navy/Marine Corps	4.0	4.0	
Na al general purpose forces	9.5	8.7	1.6
Strategic nuclear forces			17.9
Mobility forces			3.8
Total	36.1	23.2	34.8

PAX AMERICANA

The size of U.S. combat and support forces needed is very sensitive to the kind of foreign policy that the U.S. pursues and the level of risk that the country and its leadership are willing to live with. Obviously if the United States adopted a still more ambitious foreign policy than present, iln which it attempted to maintain stability and order in every corner of the globe through military presence or applied military force, it would need significantly larger forces than it now maintains.

the United States should maintain what

Adopting Pax Americana would imply that the military now defines as "minimal risk forces" for current foreign and military policy implementation. Such forces would obviously carry a higher risk in implementing Pax Americana. Such "minimal risk forces, for example, would nearly double the present U.S. Army divisions from the present 16 to 30.[4] Senator Goldwater placed this minimal risk force at 24 divisions set by the Joint Chiefs of Staff on a purely military basis, for present purposes.[5] JCS views and planning tend to be based on assumptions that the U.S. needs to prepare to fight in every locale in the world and to maintain presence everywhere and they tend to reflect the force levels needed if we had such a stated foreign policy.

Such Pax Americana forces would resemble the "minimal risk forces" described by Assistant Secretary of Defense, Leonard Sullivan. Note his chart below: [6]

"REQUIRED" CONVENTIONAL FORCE LEVELS

	Minimal risk	Prudent risk	Fiscally constrained
General purpose forces (Active/Reserve):			
Army divisions	30/0	[1] 16/8	[2] 16/8
Marine di isions	5/0	[1] 3/1	[2] 3/1
Air Force tac fighter wings	45/0	24/10	24/10
Navy carrier wings	25/0	16/2	12/2
Marine Corps air wings	5/0	3/1	3/1
Carriers	25	16	13
Patrol A/C squadrons	60	30/12	24/13
Surface combatant ships	590	215/51	181/30
Submarines	225	95	92
Mobility forces	NA		
C-5/C-141		70/234	70/234
Tactical airlift (Active/Reserve)		266/410	234/368
Sealift (MIL/CIV cargo ships)		285	285
Amphibious force lift (di i-sions)	3	2	1½

[1] Fully manned.
[2] Not fully manned.

Clearly Pax Americana would be extremely expensive. Even assuming that such a policy did not draw the U.S. into further costly limited wars, the defense budget could be twice as large as it presently is if the force structure to maintain it were to resemble the JCS projection of a "Minimal risk" force level. Such a policy could cost twice as muh as our current defense forces in FY 1976 dollars.

Option 3: Pacific Pullback/Europe First. For those who would not embrace a U.S. foreign policy of Pax Americana or the Status Quo, a third option may appear more attractive, namely a policy of Europe-First with a pullback of U.S. military forces and its defensive perimeter in the Western Pacific. Such a policy would include pulling U.S. troops out of Korea, Thailand, and perhaps Taiwan as well as demobilizing some of the amphibious forces in the Western Pacific area. At the same time this policy would keep the present strong commitment and forces in Europe in support of NATO defenses and Middle Eastern contingencies.

What would a Pacific Pullback/Europe First Foreign Policy require in the way of military forces in Europe and Asia? There are two basic alternatives. First, present European forces could be maintained at their current level of 314,000 U.S. troops. In addition, U.S. forces in the Western Pacific region could be reduced by all the U.S. Forces in South Korea (42,000). In addition, two of the U.S. light infantry divisions now earmarked for Asian contingencies in the U.S. (CONUS) could be demobilized. U.S. Marine divisions would then abandon their amphibious role and training and would "heavy up" with armor or anti-tank weapons and would be assigned to European contingencies. All of this would allow the U.S. to demobilize over a period of five years some 72,000 troops with a conservative five year cost savings of $720 million in 1976 dollars if these were phased out in 20% increments over that half-decade.

Those who would argue for a pullback to offshore Asia are especially concerned that U.S. combat forces will be committed to a

* Figures shown are approximate averages. Most ships are rotated to distant assignments from U.S. homeports. Mediterranean and Western Pacific forces, however, contain a fem units selectively homeported overseas, including one CV homeported in Japan.

** An Amphibious Ready Group (ARG) is one-ninth of an Amphibious Task Force (ATF). It consists of 3 to 5 amphibious ships with a Marine Battalion Landing Team or a Marine Amphibious Unit embarked.

*** Includes four squadrons dual-based in CONUS.

Footnotes at end of article.

second Korean War. Many believe that this would be a catastrophe for the United States, and would quite possibly become nuclear. Critics of the U.S. presence in South Korea point out the parallels with Vietnam. A second Korean War would quite likely not have the support of the American people or the U.S. Congress. Such a conflict could have tragic domestic and international consequences. It could strain the belief of the U.S. people and even members of the armed forces that they were participating in the direct defense of the United States. Many would see the defense of the dictatorial South Korean regime as a government not worth the spilling of American blood or the spending of American resources. Many would see no strong relationship between the defense of South Korea and the defense of Japan, much less the defense of the United States.

It is also argued that the forward deployment and presence of U.S. nuclear weapons in South Korea could make any future Korean conflict a nuclear war. There are several hundred U.S. nuclear weapons in South Korea. Some are deployed close to the DMZ. They might well be overrun or used in a clash of forces in Korea. If overrun by North Koreans they might be used against U.S. troops. If seized by South Koreans they might be used against the North. Their use against North Koreans by U.S. troops could well invite Soviet or Chinese retaliation in kind against South Korea. Even unanswered first use of U.S. nuclear weapons could be a catastrophe for U.S. diplomacy worldwide as denunciations and possible retaliations took place against such actions. Moreover, such useage of nuclear weapons would break the 30 year moratorium on nuclear weapons use in combat. It would be a very dangerous precedent to set.

A second option would be to make the same kinds of cuts in the U.S. military structure in the Western Pacific region and to transfer these same military units to Europe or to CONUS assigned to NATO contingencies. Exercising this second option would beef up the conventional forces available to the U.S. in a European war and would narrow the gap between NATO and the Warsaw Pact in conventional forces. Whether the U.S. exercises options one or two depends on the degree of risk that policy-makers see of a conventional attack in Euprope and the degree of risk such policy-makers decide to live with both in Europe and in Asia.

Risks and opportunities of an Asian pullback policy

Critics of our present stance in Asia argue that we might improve that stance by removing ourselves from situations in Korea where there is danger of bogging down in another Asian land war. Rather, they suggest that U.S. ground combat forces and bases be removed from the Asian mainland. First, they argue that the defense of these regions are not of direct significance in defending the United States. Second, they argue that even if a forward U.S. defense perimeter is desirable, it can best be maintained where the United States is strongest and has a clear advantage in technology and geography.

Those critics of the current posture point out the significant advantages of a defense perimeter that relies upon the superior U.S. Naval forces standing between mainland Asia and off-shore Asia, and the superior U.S. air forces that can be deployed from carriers and from bases in the Pacific. These forces plus the barrier created by the sea, they argue, form a more natural and reliable defensive perimeter than one in which U.S. troops are committed to the Asian mainland.

For those that would like to see the United States take a lower profile in South Korea several options present themselves. First, the U.S. might decide to immediately remove all 42,000 U.S. troops in South Korea including the tactical nuclear weapons and military weaponry they now maintain in Korea. Second, the U.S. might simply de-nuclearize the forces in South Korea to remove the possibility of nuclear war there. Third, the U.S. might move its forces further south of the MZ, perhaps south of the Hahn River of 37th Parallel. Fourth, the U.S. might move its troops south for the present and then begin to gradually move them out of Korea altogether over the next several years. Fifth, the U.S. might move its ground troops and tactical nuclear weapons out of Korea immediately or within a year while leaving the U.S. Air Force units inside Korea until the South Korean Air Force is sufficiently modernized to maintain a favorable air balance with the North Korean air forces. This is likely to be the case by 1980 or before.

Those who would support a minimal U.S. involvement in Korea, argue that the forward deployment of U.S. combat ground troops is unnecessary and takes away from the flexibility that should be available to the President and Congress in the event of another war in Korea. The forward deployment of U.S. troops near the main invasion routes south of the DMZ make it inevitable that they would be involved at the outset of hostilities. This may add a bit to deterrence of such an attack, but leaves U.S. leaders no option but to fight.

Some argue that the United States ought to begin by removing all tactical nuclear weapons from South Korea. These could be returned in the event of war but ought not to be on location where they may be introduced too soon into combat. And it can be argued that they ought never to be used in a purely Korean war.

Other critics of our current stance have suggested moving our forces further south from the Korean DMZ so that the Persident and Congress would have the option of not entering the conflict with our ground troops if they so decided, yet would have them close by if their use were approved. This would improve the flexibility of the U.S. but would cost about $500 million more in military construction.

Still another option would be to remove the U.S. ground troops completely, but retain the U.S. Air Force units in South Korea for a time until the ROK Air Force reaches parity or superiority with the North Koreans. South Korean ground and naval forces are already considered superior by military analysts. This option would preserve the coventional balance of power in the peninsula while phasing out the American presence and removing the danger of nuclear first use in Korea. While immediate savings would be moderate, an estimated $2 billion between 1976 and 1981, the long term gains would be substantial.

Apart from the effects on the attitudes and policies of the Japanese, it is not at all clear that the U.S. withdrawal from Korea poses dangers to U.S. national security if done in a gradual and sensible manner. A gradual withdrawal should also give the Japanese time to digest the change and may prevent any major shift in their own relationship with the U.S.

Option 4: Retrenchment: Lower Profiles in Europe and Asia.

Still another foreign policy option available to the United States is a pullback not only in Asia (as described in Option 3: Pacific Pullback) but in Europe as well. This kind of foreign policy would permit the United States to maintain far fewer combat forces abroad than at present. The arguments for an Asian pullback remain the same as discussed. Those favoring a European pullback often do not agree on the kind or level of reduction or the reasons for them.

There are any number of possible U.S. NATO options. These might include:

(1) Super NATO—this would be suitable with a Pax Americana foreign policy.

(2) Status Quo Nato—this would be suitable with either the present foreign policy or with a Pacific Pullback/European First Foreign Policy.

Or if there were a general standdown in both the Western Pacific and Europe, the U.S. might adopt the following kinds of NATO military policies:

(3) Status Quo NATO with Europeanization of NATO Forces—This would maintain present NATO troop levels while substituting European troops for U.S. troops on a one-for-one basis with perhaps 190,000 U.S. troops remaining after five years of "Europeanization."

(4) Mutual and Balanced force Reductions—This would allow NATO and Warsaw Pact forces to conduct a parallel mutual phasedown of forces in Europe.

(5) Substantial Unilateral U.S. Phasedown (40%)—this would involve a cut of 124,000 troops from the U.S. forces in Europe with 190,000 remaining. No initial Allied replacement would occur nor Pact phasedown negotiated.

Some critics of the current posture in Europe argue that a fairer policy would result if U.S. troops pulled out of Europe in significant numbers the gaps in the lines were filled by our NATO allies. Our European allies have a population greater than that of the Soviet Union yet maintain far fewer soldiers under arms. Note below the population of the NATO European allies (Minus the U.S.) compared to the Soviet Union and the Pact. Note also the NATO European advantages in GNP.

NATO Europe versus Soviet Union [7]

Population, GNP, defense spending, and armed forces.

NATO Europe: 312 million; $1121 B; $57.2 billion; 2,962,000.

Soviet Union: 250 million; $624 B: $67 billion; 3,525,000.

NATO versus Warsaw Pact [8]

Population, GNP, defense spending, and armed forces.

NATO (+U.S.): 545 million; $2534 B; $121.8 billion; 5,092,000.

Warsaw Pact: 355 million; $854 B; $74.8 billion; 4,639,000.

It is obvious that NATO Europe has the resources to offset the Soviet Union in both people and wealth. These assets could be turned into equivalent military forces. What NATO Europe lacks is political cohesion and will. The U.S. provides the "glue" but whether it should provide so much of the muscle of NATO is a legitimate question.

Something of a consensus exists within the U.S. Government that the preferred means of phasing down our defense presence in Europe would be through mutual and balanced force reductions made jointly by both the Warsaw Pact and NATO. The MBFR negotiations so far have not succeeded in promoting any arms reduction in Central Europe and show no immediate promise of significant progress to date. Such a mutual drawdown of forces would reduce the threat of attack somewhat in proportion to the reduction in forces. Clearly this would be desirable; for these agreements to result in cost savings, however, would require de-mobilization of the forces involved, not just withdrawal.

Reduction through MBFR would preserve a rough military balance in Europe and still allow savings to both sides at no increased military risk. It would also be a means of phasing down that would not threaten the unity of NATO or be seen as an American withdrawal from commitment to NATO. It might also preclude the necessity of relying

so exclusively on nuclear weapons to maintain the balance. This might be required if the U.S. unilaterally removed large numbers of general purpose forces from Europe.

Unilateral U.S. phasedowns of general purpose forces from NATO might, however, be the only means of galvanizing the Europeans to take on a greater share of their own defense. Many critics of the MBFR talks indicate their dissatisfaction with the non-progress and feel very pessimistic about the talks. Indeed MBFR has served more as a barrier to the removal of troops than as a means of facilitating removal. Those who wish to keep the present level of U.S. troop commitment have used the "bargaining chip" argument to refute arguments for unilateral withdrawals. To unilaterally withdraw forces while trying to secure Soviet concessions at the MBFR negotiating table, it is argued, will undercut the U.S. bargaining position and give the Soviets no incentive to make concessions.

What kind of cost savings would result from phasing down our ground force presence in NATO? A cut of 40% in forces might mean a cost savings of $1.55 Billion per year in payroll savings alone if these troops were demobilized. Perhaps demobilization costs would be offset even in the first year by savings in housing, energy use, and other troop expenses. 124,000 further people would be released for civilian work in the U.S. economy.

Unilateral cuts of this magnitude might or might not produce greater European willingness to fill holes left by U.S. pullback. Some believe that European NATO has too little political cohesiveness to replace the departed U.S. combat forces and, as a result, they believe that NATO forces would be weakened inviting instability into the region and possibly war. This, of course, depends upon the intentions of the Soviet leadership.

It can be argued also that large unilateral cuts such as a 40% pullback might have the residual effect of influencing the Soviets to follow the U.S. example. Perhaps given the opportunity, the Soviets might effect military savings of their own. This line of thought assumes that the tripwire nuclear force left behind can deter a rational Soviet leadership from attack on NATO soil. Perhaps an arms race in reverse would be encouraged by such unilateral acts followed by Soviet imitation. Of course, others feel that this would be seen as weakness causing the Soviets to apply more pressure, not less.

The degree of risk taken is in dispute although most would agree that phasedowns through mutual and balanced force reductions offers the most risk-proof means of phasing down U.S. forces in Europe. This kind of policy would enable everyone to share in the savings and might generate a desire for further burden reduction.

From a U.S. point of view, Europeanization of the NATO force is good but it increases the burdens borne by the NATO allies. This perhaps is just, but nevertheless difficult. Sharp unilateral U.S. cuts take a greater risk than either the MBFR or Europeanization routes. The costs of such large unilateral reductions are potentially very great. It can be argued that they would undermine the peace and stability of Europe. Such a policy would make the NATO reliance on nuclear weapons all the more likely. A small U.S. force in NATO might also incur cost to U.S. credibility and lead to a loosening of ties with several NATO allies. Some would argue that the "Finlandization" of Europe might not be far behind a unilateral U.S. troop withdrawal, although there is no evidence that the U.S. tripwire force would not remain an effective if more risky deterrent to Soviet aggression.

Compared to the present U.S. policy, a foreign policy of a general retrenchment in both Europe and Asia would return and demobilize 172,000 troops from overseas. Total cost savings in FY 77 would be minimal but cost savings of at least $2.0 billion can be realized over the next five years.

III. DEFENSE MANPOWER AND EFFICIENCY QUESTIONS

Obviously if U.S. foreign policy is changed, it would be logical to expand or contract the defense manpower required accordingly. However, even if the current foreign policy is assumed to be correct a second question remains. "How can we support the present policy more economically or efficiently?" Can fewer people do the job required? Can the same number of people generate a more effective combat force by restructuring the force and by better management of manpower resources?

There is obviously room for improvement in the management of U.S. defense manpower resources. Any bureaucracy that has 5.6 million persons on the payroll can safely be assumed to possess areas of inefficiency and areas where economies may be realized. Analysts and critics of the Pentagon's use of defense manpower have made a series of efficiency and economy suggestions. These include:

(1) Redressing the balance between officers and enlisted personnel. The current ratio of officers to enlistd is far too low and a "top heavy" military force is not an efficient force. There are currently too many chiefs and not enough indians in the U.S. armed services. "Grade Creep" must be stopped and the ratios improved.

(2) Cutting back on the support tail where possible to increase combat effectiveness of U.S. forces between M and M+60.

(3) Reform the U.S. reserves so as to include more within active divisions and to bring more of them up to a point where they would be ready for service by M+60.

(4) Increase service tours of duty and enlistment time. Keep military personnel in one location longer and keep them in the service for longer tours. Increase the enlistments and re-enlistments to four years for each service. Decrease transfers and turnover.

(5) *Go to an all-salary system* where pay is substituted for fringe benefits and "extra" fringe benefits can be secured only on a pay-as-you-go basis. Military pay, except for combat pay and benefits, should be equal to civilian pay for similar levels of skills. Differences should be reconciled over a 3 year period.

(6) *Revise the Military Retirement System.* Reforms of the military fringe benefits like the retirement system are long overdue. Military persons have a comparable salary to their civilian counterparts and like them should now adopt equivalent retirement systems. This means that military retirement systems that were contributory, that were "capped", that were not "recomputed", and which did not offer such rich rewards after only 20 years of service at early ages would save the taxpayers billions without being unfair to the retired military.

(7) *Adopt a revised Defense Officer Personnel Management Act (DOPMA).* This will provide a much needed overhaul of the officer management system in the Pentagon.

(8) *Adopt a 15,000 person (1.5%) efficiency cut in civilian defense manpower over and above recommendations No. 1–No. 7.* This will encourage housecleaning of excess civilians.

(9) *Initiate a 5% Pay Cap on Military Pay Increases.* This can be used to bring pay costs into line with civilian payroll of the federal government and to hold the line on the most expensive item in the Defense budget.

All together in FY 77 these reforms in defense manpower will save $4,687 millions if instituted at the beginning of the year. This would go a long way toward a more lean and efficient defense manpower force.

Please note the following analysis in support of each of these nine defense manpower recommendations.

Correcting a Top-Heavy Military

In the U.S. Air Force there is approximately one officer for every five enlisted men. USAF officers are paid approximately one dollar out of every three paid by the Air Force. In the U.S. Navy and U.S. Army there is approximately one officer for every seven enlisted men and women. Army and Navy officer account for one quarter of the payroll costs of their services. The U.S. Marines have the best ratio with one officer for every nine enlisted and with officers taking approximately one-fifth of the pay.

These totals far exceed the officer-to-enlisted ratios of World War II. During the Second World War there was one general or admiral for every 600,000 troops. By the Korean War this had gone to one for every 145,000 troops. Now there is one for every 20,000 troops.

This swelling of the officer corps is a direct result of the promotions that have come from U.S. participation in three wars in 35 years. It is also a result of increased skills needed to run a technically more complex military machine. It is also due to the poor manpower management of the Department of Defense. This is obvious when you consider that there were only 15,000 colonels and Navy captains in a force of 12.1 million military men in June, 1945. This is the same as in 1976 when this same size officer corps commands but 2.1 million troops, one sixth as many as in WWII. In looking over the entire defense manpower picture for 1976, William Brehm, Assistant Secretary of Defense for Manpower and Reserves, admitted that "there is no discernable improvement in the grade enrichment problem in terms of the overall picture."

Note the FY 1976 ratios of officers to enlisted personnel.

OFFICERS TO ENLISTED RATIOS,[1] FISCAL YEAR 1977

	People	Pay (millions)	Ratio
USAF (approximately 1 to 5):			
Officers	99,481	$2,156.3	1/5
Enlisted	486,285	4,163.5	
USN (approximately 1 to 7):			
Officers	64,380	341.3	1/8
Enlisted	460,028	942.2	
USMC (approximately 1 to 9):			
Officers	18,545	.342	1/9
Enlisted	177,953	1.246	
USA (approximately 1 to 7):			
Officers	98,125	482.5	1/8
Enlisted	683,825	1,307.3	

[1] Compiled from tables furnished in HAC, "Department of Defense Appropriations for fiscal year 1976", pt. 3.

Recommended budget cut:

It would make sense to reduce the officer corps altogether by 30,000 which would bring the officer to enlisted ratio down to peak Vietnam war levels. This would save $750 million in 1976 dollars every year after demobilization. FY77 savings for a cut of 6,000 unreplaced officers would be roughly $150 millions.

Improving the combat to support ratio

In Central Europe Soviet forces with combat-to-support ratios of 2.4 to 1 face U.S. forces with combat-to-support ratios of 1 to 2.7. While some considerable progress has been made in improving the U.S. "tooth-to-tail" ratios in the last two years it is noteworthy that the Department of Defense was informing the Congress just three years ago that its "baseline" forces were as lean and trim as possible.

Since that time headquarters staff have been reduced 13% with no apparent loss of

Footnotes at end of article.

effectiveness and the Army has been able to create three new combat divisions solely out of existing assets by converting support "fat" into combat unit "swords". There is further to go down this road of converting manpower support "fat into swords" if the U.S. is to be ready for the intense "short war" secenarios that would be most likely to occur in a major NATO/Warsaw Pact war.

Recommended budget cut:

Last year former Secretary of Defense Schlesinger promised that the cuts in support units within the military in FY 76 represented "the beginning of the process of improvement. We have more to do." Yet this promise was not kept in FY 77 by the Pentagon for only 1,000 personnel slots were purged from almost 2.1 million military in the proposed FY 77 DoD budget. This is tokenism. Within the 2.1 million military worldwide another 15,000 slots can be found and retired by years end FY 77 or they should be removed from the military ranks by setting a lower ceiling less 15,000 troops in FY 78. The result will be either one additional combat division (fat into swords) or an additional savings to the taxpayers of an estimated $188 million beginning in FY78 (fat into savings).

Reform the Reserves

Perhaps the most inefficient use of defense manpower has been in the reserve forces. The Department of Defense is beginning to move in the right direction by increasing the integration of active and reserve forces which gives far more realistic training to the reserves and will simplify the transition from normal peacetime operations to operations of a single force after mobilization.

One savings that could be immediately realized is the elimination of "double dippers", persons who work in the federal civil service who are also members of the reserves and who draw dual compensation when they are excused from their federal jobs to train with the reserves. Such "double dippers" ought to be converted into "single dippers" who receive only their higher salary and perhaps transportation expenses. This, if implemented throughout FY77 would save an estimated $60 million, a savings that would be realized annually thereafter. 150,000 federal civilians are "double dippers."

Further, DoD should be required to eliminate dual-slotted reservists who would be of more value to the total war effort in their civilian jobs. These should be eliminated from the reserves since there is no use to continue paying and training persons who would never be called to active duty. In FY77 this should be subject to a Department study with recommendations for legislation beginning in FY78. The Secretary of Defense would be encouraged to implement this within the Department on an ad hoc basis consistent with the current law.

The Department of Defense is moving in the right direction in suggesting that 50,000 drill paid naval reservisits be transferred to the non-paid Individual Ready Reserves and Congress should back legislation permitting this. Estimated annual savings of $36 million would result from this move.

There is further improvement to be made in the reserve use of manpower. These suggestions are but a start. More and more reserve units should train with active units to the extent possible, they should be organized increasingly to carry out their mission by M+60 days or before since a short intense war is the most likely scenario for any future general war. Major new initiatives by DoD in the reorganization of the reserves should be encouraged.

Initiate a military salary system

The present military salary system is a compilation of many visible as well as hidden forms of compensation. The regular military compensation (RMC) of a service person includes his basic pay, quarters, subsistence allowance and the tax advantage of allowances. Added to this figure is the retirement actuarial for those who obtain retirement (it is not a contributory retirement system), health care, commissary and exchange facilities, and government contribution to social security. RMC also does not include military servants for officers, re-enlistment bonuses, and separation payments.

It is time to go to a visible salary system for the military system for the military. Now that the military is an all-volunteer force, it is important that the pay scale be visible for all to see. This should help recruitment and eliminate the inequities and misunderstandings on both sides as to what the military person is actually being paid.

Recent studies done outside the Department of Defense show that the average military person is paid better than his civilian counterpart at a similar grade level in the civil service,[9] although DOD disputes this. Bringing the pay scale into the open is the only means to dispel the misconceptions.

A salary system would then eliminate most fringe benefits except on a contributory "pay-as-you-go" system that civilians have. Military pay, except for combat pay and benefits tied to combat injuries, should be equal to civilian pay for similar levels of skills.

No one pretends that initiating a salary system will be uncomplicated. It is cutting into a complex thicket of problems. Yet it can be the means of better fiscal management of our defense payroll, providing equity as well.

Legislative Recommendation for FY77: have an independent task force separate from the Pentagon draw up model legislation for converting to a salary system by end of FY77.

Increased Service Tours of Duty and Fewer Transfers/Less Training Time.

Approximately one in every seven U.S. military people is in training or transit at any given time. This is an extremely high and wasteful number. Extended tours and extended enlistment times are perhaps the major answer to this problem. Less turbulence in personnel would result if the average tour of duty in one location were increased, from 14 months to 18 months. The major impediment to this reform is the mid-tour retirement, or people leaving the military when they have completed their obligation, regardless of the impact on readiness. This would be retarded if they were in for longer periods. Hence, it is recommended that enlistments for all services be extended from three to four years. This is already the case in the Air Force. Increasing the average tour of duty from 14 to 18 months in one place is also recommended.[10] This would save 20,000 man years of time spent in transit valued at $250 million in FY77. This amount of "dead time" would be eliminated.

Also recommended is an increase in the student/teacher load in military training from 1.5 to 2.0 students per instructor. This would save $520 million in FY77. Military ratios of students to instructors are obviously far lower than ratios found in colleges, vocational schools, and high schools. Some of this is accounted for by the necessity to protect expensive equipment from mishap by inexperienced students, part by the necessity to make sure that troops are thoroughly trained in use of combat arms, part by the large support base provided on Army, Navy, Marine, and Air Force posts which house, feed, and shelter the students unlike the high school or college or vocational school which lets the society provide those services. Nevertheless, anyone who has carefully inspected the numerous training schools of the military will conclude that manpower inefficiencies exist and the increase from 1.5 to 2.0 students to instructor can be done by cutting into administrative "fat" without harming manpower readiness.

Footnotes at end of article.

Also recommended is the shortening of the average training course period from 67 days to 60 days. Knocking one week off the instruction period would have 8.000 manyears of time spent in training. This would force elimination of less important courses and material and would force efficiencies in coursework and presentations. The savings in FY77 would be one million dollars and, more importantly, would free defense manpower for more combat roles if needed. Today almost 10% of military manpower is in some kind of training, a good part not directly related to combat skills.

Retirement benefits for defense manpower

Retirement costs for defense manpower are getting out of control. In FY76 DoD is spending $7.4 bilion or 8% of all outlays on military retirement costs. CBO estimates that cost will increase to $12.8 million by FY 1981 and will continue to increase with time as more and more military retire toward the end of the century. Without reform, the retirement costs will be astronomical by that time.

Contributions to Retirement

There are several places where reform is needed to bring these costs under control. First, the military should be put under a contributory retirement system similar to that of the civilian civil service. While no noticeable changes would occur in FY77 such a system would save tens of billions of dollars by the end of the century and should be initiated in FY77 on a sliding scale of smaller to larger payments up to five years when full contributions would be required up to civilian levels.

Capping Retirement Annuities—Keeping Retirement consistent with Cost of Living Index

Capping retirement annuities would be a reasonable companion to the 5% "pay cap" and could save an additional $200 million in FY77 with increasing savings in out years. Military retirement costs can also be substantially reduced by eliminating the "one-percent kicker" which allows military retirements to grow at 1% greater than the rate of inflation.

DoD can save $90 million in FY77 by removal of the one-percent kicker. Dropping this plan can avoid also retired pay "inversions" where the retired military force receives a larger pay raise than the active forces while literally contributing nothing in that time period to added defense capability. This breeds resentment in the active force and is unfair.

Recomputation Costly

Pending before Congress is legislation to recomputate retired pay to keep up with the increase in active duty military pay since 1958. The difference is that active duty military have been given "catch up" pay raises in the last five years which have allowed active duty pay increases of 430% since 1958 while the retired military make 280% more than they earned if retired in 1958. Recomputation legislation was designed to pass the difference on to retired military as well.

Legislation pending before Congress would add billions of dollars of added spending on the retired military with no military capability added to our defense efforts. Some recomputation plans are more limited than others. One limited recomputation plan that would allow recomputation based on pay scales in effect January 1972 for all those who reach age 60 would cost the Defense Department an added $550 million in FY1977 increasing to $1.0 billion in FY1980. Other recomputation plans would cost more.

Considering that no legal obligation is owed to retired military to recompute their benefits and also considering the liberal retirement benefits of the military compared to the civilian population, and the fact that

retirees after 20 years often go on to lucrative second careers while drawing good military retirement benefits, there is no strong equity reason for recomputation. Passage of a recomputation measure would entail enormous additional defense manpower costs that would add nothing to U.S. national security. It is therefore a reasonable recommendation that recomputation be dropped as a good-hearted, but too-expensive idea.

Retirement Plan Stretchout Reform

The current military retirement system pays 50% of basic military pay after as few as 20 years of service. This rises to 75% after 30 years of service. Military people do not contribute directly to this retirement system. This makes retirement costs very expensive. The Retirement Modernization Act before Congress would reform this system which produces many 20 year careerists or early dropouts from military service.

It would remove the "either-or" pattern from military service by stretching the time of service when full present benefits could be realized and by providing some benefits for those who stay in the service as short a time as 10 years. RMA would reduce the present 50% retirement pay of 20 year careerists to 35% for the first 10 years of retirement. This is estimated to save $800 million by the year 2000.

The federal Interagency Committee proposed an even more far-reaching and less costly retirement plan recommendation in 1971. The Federal IAC plan would reduce the 20 year careerists retirement income to 30% of basic pay restoring the full 50% only at age 60. This plan would reduce substantially those retiring at the 20 year mark and would save significantly more than the RMA plan both in retirement benefit payments and in retraining costs of new personnel.

Either the Retirement Modernization Act or the Federal Interagency Committee plans merit close attention and one of them ought to find their way into legislation in FY 1977 to head off spiraling retirement costs. Savings in FY 1977 would be small but this would change with the passage of time as billions of dollars would be saved under the Federal IAC plan by the year 2000, and nearly a billion dollars under the Retirement Modernization Act by that time.

While RMA or the Federal IAC plan would be marginal steps in the right direction, neither is drastic enough to substantially change the direction, sharply upward, of retirement costs for the military. A more serious proposal would be the deferment of all retirement costs and benefits until the retiree had reached age 55 or 60 depending upon service length. Adoption of this proposal would produce significant savings of perhaps $1.5 billion by FY 1981 and tens of billions by the end of the century. One study indicated that the savings could run as great as $110 billions in the next quarter century. (See Chart below).

The deferred retirement payments plan could be softened by giving the early retiree a substantially smaller one-time bonus in a lump sum at the time of retirement as an alternative to the larger amount he or she would get after age 55 or 60.

In view of the spiraling costs of military retirement to the country it is clear that trimming back these programs should be a first order of business for the United States Government.

EXPECTED SAVINGS RESULTING FROM CHANGING CURRENT MILITARY PENSIONS TO A DEFERRED BENEFIT BASIS*

[In millions of dollars]

Fiscal year	Present	Proposed	Savings
1977	164.5	155.0	9.5
1978	508.1	425.7	82.4
1979	875.6	635.2	240.4
1980	1,272.1	819.2	452.9
1981	1,693.0	983.3	709.7
1982	2,151.5	1,147.2	1,004.3
1983	2,645.6	1,315.2	1,330.4
1984	3,151.2	1,470.7	1,680.5
1985	3,671.0	1,616.8	2,054.2
1986	4,228.2	1,771.7	2,456.5
1987	4,828.3	1,925.3	2,903.0
1988	5,466.4	2,032.7	3,433.7
1989	6,166.1	2,102.3	4,063.8
1990	6,942.6	2,207.4	4,735.2
1991	7,773.4	2,316.0	5,457.4
1992	8,636.0	2,431.8	6,204.2
1993	9,534.0	2,549.2	6,984.8
1994	10,456.9	2,705.5	7,751.4
1995	11,385.6	3,037.0	8,348.6
1996	12,339.6	3,385.2	8,954.4
1997	13,367.1	3,756.3	9,610.8
1998	14,477.5	4,128.1	10,349.4
1999	15,657.7	4,850.5	10,807.2
2000	16,919.8	5,595.5	11,344.3
Total	164,311.8	53,362.8	110,949.0

ASSUMPTIONS

1. Basic pay is assumed to increase 6 percent annually and the Consumer Price Index (CPI) adjustments to retired pay are 4 percent annually.
2. Implementation of proposed system is assumed Oct. 1, 1976. All personnel with greater t an 20 yr. of service, on current retired payroll considered not affected by the change.
*3. It is assumed that the change will affect only future retirees and not those currently on the rolls.
4. Those retiring with 21-29 yr. of service are assumed to receive annuities deferred to age 60, unless they are already over 60.
5. Those retiring with 30 or more years of service are granted benefits deferred to age 55, unless they are already over age 60.
6. Only nondisability retirements were considered since the question was addressed to those with 20 or more years of service.

DEFENSE OFFICER PERSONNEL MANAGEMENT ACT (DOPMA)

The Department of Defense has proposed to the Congress the Defense Officer Personnel Management Act. This proposal represents an attempt at a much-needed overhaul of the officer-management system in the Department of Defense.

While many features of this proposal are laudable, several major revisions should be made before it is adopted. Outlined below are areas of DOPMA that would bear further examination.

First and foremost, DOPMA should be considered simultaneously with the retirement modernization act; neither should be passed without the other.

DOPMA suggests but does accomplish the elimination of distinction between regular and reserve officers on active duty. This desirable goal can be acomplished by eliminating the granting of regular commissions to officers entering active duty, and requiring that all officers serving more than five years be regular officers.

20-year retirement should be abandoned in favor of the traditional 30-year career. Such action would reap the following benefits:

1. The career force would increase while the proportion of non-career officers as well as new accessions would decrease.

2. Reduction of new accessions also reduces the number of required accession and initial training related PCS moves, school spaces, instructors, etc.

3. An increasing number of personnel would be retained beyond 20 years, thus decreasing the number of non-disability retirements and increasing force stability.

4. Annual promotions would decrease.

It has been alleged, though not substantiated, that such a proposal would be more costly than the existing system. While this allegation appears unlikely on its face, it should certainly be explored to determine precise cost-benefit ratios.

The "sliding scale" principle of senior officer manning embodied in DOPMA is highly suspect. The principle has as its premise that the savings of a smaller force ought not to extend to a proportionally smaller senior officer corps. This thesis requires the assumption that a Colonel's job is a Colonel's job, whether it involves a platoon or a division. Additionally, reserve forces are currently more officer-rich than the active force. Since future augmentations will take place by calling up the resrves en toto, officers and all, there is no necessity for maintaining senior officers on active duty to administer a larger military.

The "selection-in" feature of DOPMA places an artificial limit on the number of O–5's and O–6's who can be separated for non-selection to the next higher grade. This limit to management flexibility is uncalled for and should be eliminated.

DOPMA confers upon the President many powers in the event of emergency. While no one would challenge the assumption that the President must have the necessary authority to direct the military in time of need, the determination of an emergency should require Congressional approval.

The grade tables for senior officers will at least bear further examination on the subject of whether they are too rich in senior officers. While modest reductions in the levels of O–5's and O–6's are evident, the tables mandate an increase in O–4's, and all tables show more senior officers than has been found to be necessary in other years.

Reduce civilian manpower levels by 15,000

While military personnel levels have dipped 22% since 1964 as a result of force efficiencies, the all-volunteer army, and the expense of military manpower, civilian totals have dropped only 5%. It is a reasonable recommendation to suggest that the civilian manpower totals be readjusted to reflect a decline similar to that of the military manpower total. Contrary to the spirit of the recent Nunn Amendment giving the military the alternative to turn fat into taxpayer savings, many military jobs have been "civilianized." These policies merely transfer the burden from one account to another without reflecting a true economy in overall defense manpower expenditures.

The Defense Department has begun moving belatedly to cut their civilian manpower totals and promise a FY 1977 cut of 26,000 from the 1,017,000 on the payroll at the end of 1975. This is a first step in the right direction but a token one for such a swollen bureaucracy. A better step might be taken by adding 15,000 additional civilian jobs eliminated, or a total of 41,000 removed from the Pentagon payroll in FY 1977. Since about 130,000 civilians will retire in FY 1977 no individual currently holding a DoD job need lose it. Reductions could be taken by attrition. A reduction in force (RIF) of 41,000 would save $580 million annually in current dollars. This would still leave civilian defense manpower at about the one million level. Setting such ceilings would encourage the Pentagon to bring its civilian manpower house into better order.

Initiate a 5 percent on defense pay increases

Perhaps the largest defense manpower savings can result from reducing or "capping" the annual salary increase given to the military and Defense Department civilians annually. Without such a "pay cap" the expected wage increases for defense manpower in FY1977 would be about 12%.

The Congressional Budget Office estimates that capping the increases at 5% annually would save $2.2 billion in FY1977. Savings of $3.7 billion annually would begin in FY1978 if the 5% increase limit were passed. This step can be strongly recommended as a means of gaining control of the soaring costs of defense manpower which is eating up nearly 60% of the military budget. In the interests of equity, any cap on Defense pay increases presumably would be part of an overall pay cap on all other federal employees as well. The effects of such a pay cap on military recruitment will have to be

evaluated over a two-year period, and perhaps revised if it proves very detrimental later.

Defense manpower: Summary and conclusions

Altogether, these suggested changes would result in a savings of $4.687 billion in FY1977 if implemented at the beginning of the fiscal year. This would represent an "economy cut", one which would eliminate wasteful practices while not sacrificing U.S. defense programs. In short, you can buy the same amount of defense with $4.687 less funding. A summary of recommended changes in the defense manpower area is found below.

Recommended defense manpower changes

[In millions]

	Savings
a. Redress the balance between officers and enlisted personnel by not replacing 6,000 officer slots	$150
b. Improving the Combat-to-Support Ratios	188
c. Transfer 50,000 naval reservists to the Individual Ready Reserves	36
d. Eliminate "double dippers" who draw 2 salaries	60
e. Increase average tour of duty from 14 to 18 mos	250
f. Increase student/teacher ratio from 1.5 to 1 to 2 to 1	250
g. Decrease average training period by one week from 67 days to 60 days	1
h. Cap Retirement Annuities at 5% increase per year	200
i. Remove the 1% Kicker for retirees	90
j. Do not approve recomputation for retirees—this would add some $550 million in FY77	----
k. Reduce civilian manpower by 1.5% in an efficiency incentive cut of 41,000 spaces (15,000 more than projected by the DoD)	580
l. Institute a 5% pay cap on all payroll increases for all DoD people in FY77	2200
Total manpower savings	4687

All of these changes require the action of Congress and some like the 5% pay cap have been recommended by the administration. Most of these changes could begin in FY1977 but some would not result in savings until FY1978 due to the time needed to implement them.

FOOTNOTES

[1] Information is taken from the *Manpower Requirements Report for FY 1977*, Department of Defense, February 1976. pp. V–21 to V–23.

[2] Barry Blechman, testimony before the House Armed Services Committee, Dec. 18, 1975. Hearings on *Overall National Security Programs and Related Budget Requirements*, p. 558.

[3] H.A.S.C. Hearings, *Overall National Security Programs and Related Budget Requirements*, Dec. 18, 1975, p. 558. See also Blechman, Gramlich, and Hartman, *Setting National Priorities, The 1976 Budget* (Washington, D.C.; Brookings Institution. 1975) p. 140–152.

[4] An estimate by planners in the Dept. of Defense. Cited in *Setting National Priorities: the 1976 Budget*, Chapter 5, "Alternative Defense Budgets," by Barry Blechman (Wash., D.C.: The Brookings Institution, 1975), p. 133.

[5] Senator Goldwater discussed this during the Senate "great debate" on foreign and defense policy in June, 1975.

[6] Testimony of Leonard Sullivan, Jr. Assistant Secretary for Program Analysis and Evaluation, Department of Defense. Dec. 10, 1975, hearings by the House Armed Services Committee on *Overall National Security Programs and Related Budget Requirements*, p. 182. Where numbers of divisions or other forces are described like 30/0 or 215/51 the first number means active forces and the second means reserve forces.

[7] 1974 statistics. 1975 figures for numbers in the armed forces. See "The Military Balance" in *Air Force Magazine*, Dec. 1975, p. 94. See also, Ruth Sivard, *World Military and Social Expenditures, 1976*, (Leesburg, Va: WMSE Publications, 1976) p. 21.

[8] HAC, Dept. of Defense Appropriations for FY 76, Pt. 3, p. 363.

[9] Data released by the Defense Manpower Commission in their report to the President in April 1976 indicated the following breakdown of military vs. non-military income at comparable levels of advancement. (See also, Kip Cooper, "Military Pay Found To Top Civilians," *San Diego Union*, March 5, 1976, p. 1.)

COMPARISON OF MILITARY AND CIVILIAN COMPENSATION AND BENEFITS (OCT. 1, 1975, PAY SCALES)

Military grade	Comparable civilian grade	Military compensation and benefits	Civilian compensation and benefits	Military advantage (+) or disadvantage (−)
Rear admiral, upper	GS 18	$54,815	$41,350	+$13,465
Rear admiral, lower	GS–17/GS–16	48,886	41,350	+7,536
Captain	GS–15	43,305	38,849	+4,456
Commander	GS–14/GS–13	35,101	31,131	+3,970
Lieutenant commander	GS–12	28,188	24,485	+3,703
Lieutenant	GS–11/GS 10	24,044	19,749	+4,255
Lieutenant (junior grade)	GS–9/GS–8	$21,729	$16,403	+5,326
Ensign	GS–7	16,914	14,710	+2,744
Chief petty officer	GS–6	20,964	12,813	+8,151
Petty officer 1C/Petty officer 2C	GS–5	14,711	11,551	+3,160
Petty officer 3C	GS–4	9,915	10,375	−465
Nonrated	GS–3/GS–2/GS–1	7,821	8,326	−500

Note: Where more than 1 civilian or military grade is shown, the amount for compensation and benefits is the average of the values shown for those grades.

[10] Based on calculations supplied by Martin Binkin of the Brookings Institution to the House Budget Committeeon Sept. 24, 1975. See HBC National Security Task Force Hearings, *Force Structure and Long-Range Projections*, Part 2, p. 150.

U.S. Foreign and Defense Policy Alternative Posture Statement: Part 3, General Purpose Forces—Tactical Airpower

One of the largest components of the FY 1977 defense budget is for tactical airforces. At least one quarter of all defense dollars go to tactical airpower expenditures. A responsible look at U.S. tactical airpower posture requires that several key questions be asked and answered, namely:

(1) How much tactical airpower does the United States need and how do U.S. tactical airpower forces compare to those of the Soviet Union?

(2) How much tactical airpower is needed to support current U.S. foreign policy commitments? How much would be needed if a U.S. foreign policy of Pax Americana, Pacific Pullback, or of a general retrenchment in both Europe and Asia were adopted.

(3) If the current policy is taken as a given, what steps could be taken to make expenditures on tactical airpower more efficient or could be taken to purchase the same TACAIR capability with less of an investment?

(4) What tactical airforces can best perform the roles and missions of TACAIR? For example, close ground support, battlefield interdiction, deep interdiction, or air superiority?

(5) Lastly, what changes should occur in the U.S. tactical airpower posture based on the answers to the preceding questions?

Each of these questions will be dealt with in the following discussion.

TACTICAL AIR FORCES: NATO AND WARSAW PACT

NATO tactical air forces are considerably stronger than their Warsaw Pact counterparts at present. The Pact enjoys a numerical advantage in aircraft but this is offset by NATO qualitative superiority. The Warsaw Pact can put 6500 planes in the air to 4500 for NATO at the start of hostilities. This numerical advantage is offset by a more numerous NATO reinforcement capability—with aircraft of superior military capability as well. NATO and U.S. Pilots have far better and more extensive training, and more combat experience. Their aircraft have more firepower, greater range and performance, more sophisticated avionics, and as a Brookings Institution monograph recently stated:

"On balance, NATO's qualitative advantages appear to more than outweigh its inferiority in number of aircraft. While NATO may have the stronger tactical air forces overall, it seems equally clear that the Warsaw Pact countries have a formidable capability as well, especially for counterair operations. The danger is that the Pact members' air strength might, in cooperation with the extensive anti-air weapons in the hands of their ground forces, suffice to neutralize the advantage of NATO's air forces in an offensive capacity. Certainly NATO's present superiority in the air is not so overwhelming that it can be relied upon to redress any serious imbalance that might develop between opposing surface forces."

All such evaluations of the tactical air balance are static. War is dynamic and the outcome of any European air battle would be highly scenario-dependent.

Comparing the two forces is difficult because the Soviets have constructed a different type of tactical air force. First, it relies on older and more numerous aircraft that do not have the same capability for air superiority or deep interdiction. Second, they have more aircraft concentrated in the European theater but fewer in reserve and fewer overall. Third, some of their Medium Range Ballistic Missiles (MRBMs) and Intermediate Range Ballistics Missiles (IRBMs) targeted on Western Europe are the functional equivalent of NATO tactical air fighter bombers. Finally, Soviet air defenses are much denser than NATO air defenses and they possess a far higher mix of interceptors to attack aircraft. The Soviet SAMs used during the 1973 Yom Kippur War showed that their forces have a very significant anti-air capability. Nevertheless, U.S. and NATO airforces are considered still markedly superior overall.

TACTICAL AIRPOWER AND FOREIGN POLICY OPTIONS

Tactical airpower strength requirements should be sensitive to changes in foreign policy. The size and quality of the forces ought to be roughly equivalent to the number and kind of security commitments made to other states. The TACAIR forces should also reflect the kind of risks the country is willing to live with.

In an age when general war is predicted to be a very short intensive affair, tactical airforces are the single most reliable reinforcement asset that may be shifted from one theater to another in time to make a difference. In a matter of days, these mobile tactical airforces can make their presence felt across the globe. TACAIR in the Pacific can be shifted to Europe and vice versa far more easily than can naval or land forces, and in time to make an immediate difference. Thus, the size of regional deployments of tactical airforces is less important than the availability of airfields near the conflict area. Given available airfields; given one conflict occurring at a time; limited tactical air assets can be shifted from place to place to cover numerous contingencies. Only in a condition of worldwide war would the practice of shifting assets to the hottest global spot become impractical.

What kind of tactical airforces are needed to maintain the current foreign policy? And what kind is needed to support alternative foreign policies such as (1) Pax Americana, (2) a Pacific Pullback Europe-First policy, or (3) a policy of a general Standdown in Europe and Asia?

CURRENT POLICY AND PAX AMERICANA

Officials in the Department of Defense have testified that given the current constellation of forces they would require no fewer than 45 Air Force Wings, 25 Navy carrier wings, and 5 Marine air wings—a total of 75 tactical airways to insure a so-called "Minimal Risk" defense policy. This kind of force, twice the size of current U.S. TACAIR forces, would be a "go everywhere-do everything" tactical air force capable of maintaining a foreign policy of Pax Americana. The estimated cost of such an expanded tactical air force would be close to $50 billion per year in 1976 dollars. This is approximately twice as much as the cost of the present 42 U.S. tactical wings (3 Marine, 26 Air Force, and 13 Navy). These 42 air wings are deemed by the present administration as essential in maintaining current policy, and for deterring Soviet thrusts.

Given the high mobility of tactical airforces, it is possible that the U.S. can support its present policy with fewer than the 26 Air Force wings which it has on paper. During the Vietnam War the Air Force maintained but 22 wings. It is difficult to fathom why peace costs more than war, especially when the current TACAIR force is adequately supporting U.S. Policy with an inventory of aircraft equivalent to just 22 wings, although it has created 26 tactical airforce headquarters. Moreover, the U.S. has adopted a less ambitious security commitment to mainland Asia due to decisions and events of the past year. No longer are we committed to the defense of Indochina.

Thailand has ordered reductions in U.S. forces. SEATO is being disbanded and many U.S. policymakers have repeatedly warned about involving ourselves in mainland Asian conflicts. Moreover, there is a reluctance by the U.S. people to be involved in other Vietnam-types of wars. This combination of changes would seemingly argue for less U.S. tactical air power needed, rather than more. Asian assets could be shifted to higher-priority European missions. This has not happened. Instead, the Air Force has asked for permission to expand its TACAIR forces. While this has now been accomplished on paper, it remains to be done in substance and it is not too late for the U.S. Government to reconsider the wisdom of such a move.

Pacific pullback, Europe-first policy requirements

Another possible U.S. Foreign policy would be that of a Pacific Pullback where U.S. Forces were pulled back from mainland Asia and its forces were placed as a barrier between mainland Asian threats and offshore Asian allies like the Japanese. U.S. tactical airforces aboard carriers would be useful for maintaining superiority or the sea lanes. Such a policy would entail only six carriers in that area of the world with two on station. These, combined with Marine aviation, could represent the entire tactical airforce in the Pacific region in support of a Europe-First, Pacific Pullback policy for the United States. The Marine could be replacements for Army units all over the Pacific and half of the 25 Marine squadrons could be phased out if the Marines were saved for only non-European Asian contingencies. This could save up to $1 billion annually.

Retrenchment: Lower U.S. profile worldwide

Finally, if the U.S. were to follow a policy of generally lower profiles in both Europe and Asia, it could substantially reduce its tactical air wings. First, it could reduce its air wings proportional to its withdrawal of ground troops if it wished only for tripwire forces abroad and wished to define the battle area as the rimland and oceans adjacent to itself. A cut of 20 of the present 42 air wings would be possible with such a policy, although at some increased risk of a European and Asian war. Tactical air would cost about 12 billion dollars (in 1975 dollars) each year.

OVERLAP AND DUPLICATION

There appears to be considerable overlap and duplication in U.S. tactical airforces. Altogether the U.S. maintains four separate tactical airforces that together maintain 26,800 tactical aircraft in both the active and reserve units. These are broken down in the following fashion:

*Four U.S. air forces**

Service:	*Aircraft*
Army	11,000
Air Force	9,400
Navy	6,100
Marine Corps	1,300
Total	26,800

*See Col. Robert Whitaker, "Four U. S. Tactical Air Forces", The Defense Monitor, October 1975, p. 3. These late 1975 figures are approximately correct for 1976.

While the missions of the tactical airforces of the U.S. general purpose forces are extremely important, there is little doubt that there is significant duplication of effort between the four services. Congress has belatedly recognized the fact that each service has developed separate tactical air forces for independent rather than mutually supporting missions. Duplication of the tactical air investment into different aircraft systems, chosen by different service planners, often for the same missions have recently led the House Armed Services Committee to form a new subcommittee on tactical airpower and close air support missions. It is already clear, even before hearings, that there is costly overlap in assignments and a wasteful duplication of effort. Such competing systems cause bureaucratic duplication and ignore the savings that might be secured from long production runs of aircraft chosen to fulfill common missions.

The tactical air mission of close ground support might better be lifted from the Marines and Army and put under the Navy and the Air Force. The Navy and Air Force should work to integrate their efforts and separate out who does what, when, and how. The JCS must be required either by law or by the Secretary of Defense to create an acceptable command and control system. Such a system is now sorely lacking and is the key to the successful reform of TACAIR assets and their good management. Service duplication stemming from service rivalry and desire for service autonomy and service empirebuilding ought to be reduced by a reorganization.

SOARING AIRCRAFT COST AND GOLDPLATING

In terms of the investment costs, tactical airforces are the most expensive components of the general purpose forces. The cost per aircraft is steadily rising in both inflated and constant dollars. Due to an open-ended design philosophy of adding all the new avionics and ordinance that is possible to new aircraft, costs of tactical aircraft continue to soar. For example, the F-15 now in the U.S. Air Force Inventory is being procured for $13.8 million an aircraft. This comes to 72 times the cost of the WWII P-51 fighter.[1] Indeed some of the missiles carried by todays attack aircraft on each wing are twice as expensive as that WWII fighter plane.

The current soaring costs of tactical fighter aircraft have led to the charges that many such aircraft have been "goldplated" with capacities exceeding their predominate mission requirements. Costly extras are not always cost-effective. More aircraft of simpler design will actually do the job now being done by high cost aircraft with significant savings in investment and operating costs. Unfortunately, the competing services have each invested heavily in aircraft programs which push performance regardless of costs, rather than in programs where there was extensive designing-to-cost. Despite much talk of the necessity of a high-low mix in aircraft inventories so that adequtae numbers of aircraft can be purchased within relatively limited budgets, the services still are overinvesting in high-cost aircraft. Even the so-called low-cost aircraft, such as the Navy F-18 and Air Force F-16, are extraordinarily expensive. A renewed effort needs to be made to develop truly cost-effective military aircraft.

MISSION PRIORITIES AND IMPACT OF NEW TECHNOLOGIES

What is the mission of the tactical airforce? The services stress three traditional missions. One mission is to win the air battle and achieve local and theater air superiority. A second mission is to carry out deep interdiction strikes against enemy surface supply lines, production centers, surface shipping, and air bases. A third mission is to provide close air support to ground forces in combat to directly aid in winning the land battle.

An independent evaluation of these missions leads to the conclusion that the U.S. tactical Air Forces are too heavily structured for air superiority and interdiction roles and too lightly structured for completing the close ground support mission.

What leads to such a conclusion? Obviously, the planner must know the character and duration of the war to be fought before he can assess the correct mix of air superiority, deep interdiction, or close ground support aircraft to buy. Many military analysts today believe that the next war in Europe would be a short, ultra-intensive war with extreme attrition of forces and equipment within the first days or weeks. A war of over eight weeks would seem unlikely. In such a war, fighting at the front is likely to be decisive and mobilization of forces that cannot reach the front in the first weeks are unlikely to change the ultimate result. TACAIR can influence the result most importantly by effective close support of the ground forces. Deep interdiction and interception will play less of a role.

A major weakness in U.S. tactical air force doctrine and structure may well be the bias toward "winning the air battle first", achieving overall long-range theater air superiority, and emphasizing the deep interdiction of enemy supply lines. It is highly probable that any meaningful interdiction campaign would take too much time in a short war, and would not have any real effect on the

Footnotes at end of article.

outcome of a ground battle. It would take an extended period for the NATO tactical air force to destroy a decisive number of the Pact's 5000 combat aircraft in North Central and South Central Europe prior to an interdiction campaign against enemy support units and facilities. Air strikes deep into the interior of Warsaw Pact lines would run into the best and most massive air defenses in the world. Thousands of Soviet interceptors plus massed anti-air defenses on the ground around high-value targets would inflict extremely heavy losses upon U.S. tactical airforces, making deep interdiction a long costly affair [3] that would not be resolved perhaps before the ground combat was concluded or had crossed the nuclear threshold. Moreover, it is not clear that deep interdiction would be very effective in preventing a massive leakage of tonnage to the forward edge of the battle.

A recent air commander in Europe sees the air situation near the battle line "pretty much determining the outcome of what's happening on the ground." This means that the most important missions are of close ground support, battlefield interdiction, and local ais supesiosity. Unfortunately, the U.S. tactical airforces are oriented now toward missions of the more questionable priority since two-thirds of the new fighters—the F–14, the F–18, and the A–18 in the Navy and the F–15 in the Air Force are designed to fly mainly deep-penetration or interception missions. Their use in battlefield scenarios would be successful but they represent more expensive and more sophisticated aircraft than would be cost-effective over a very lethal battleground where these multi-million dollar aircraft could be brought down by increasingly effective and cheap anti-air SAMs and rockets. Increased use of the A–10 type of aircraft rather than the more expensive multi-purpose aircraft seems in order and the Air Force seems on the right track with this new emphasis on a fixed wing aircraft that carries a heavy payload, has a long-loiter time, great tank-killing capability, good maneuverability, steep rate of climb, and heavy armor against ground fire.

There is some question whether any current aircraft can be designed to match such a profile for performance in the close ground support role in an extremely hostile anti-air environment. One of the lessons of the 1973 Yom Kippur War is that small, very accurate anti-air weapons now can limit air access to the battlefield and the approaches to the battlefield for both combatants. Recent developments in high accuracy weapons can create a lethal "Bubble" over the battlefield that aircraft enter only at extreme peril. Moreover, the lethality can come from friendly fire as well as from hostile fire. A recent military exercise showed that hlaf of the simulated TACAIR losses came from friendly fire misdirected at our own aircraft.

The 1973 Middle East War indicated that the next war will be a voracious one, consuming forces and equipment at extreme rates of attrition. Virtually everything that can be seen either by the eye or the radar can be taken under increasingly heavy and precise (but indescriminate) fire. An evaluation of the 1973 war tends to chill previous enthusiasts for helicopter use for close ground support in high threat environments. It was generally agreed that helicoptess could not have survived over the Sinai battleground or over the Golan Heights.[3]

Nor is it likely that they could long survive against the better trained U.S. and Soviet Armies. The faster fixed wing A–10 is far more lethal a tank-killer than the AAH helicopter and its chances of survival are considerably higher against the new precision anti-air weapons.

Despite the unfavorable prospects of helicopters in the close ground support role in a highthreat environment, the Army is currently planning to invest $3.1 billion for 481 Advanced Attack Helicopters (AAHs) equipped with the tank-killing TOW weapon. Two thousand, two hundred, eighty-two (2282) helicopters were lost in the low-threat battlefield of Vietnam during the U.S. role in that war. Fixed-wing aircraft did much better. They are likely to remain a better buy for a European War contingency. This is also driven home by the fact that the 16 TOW missiles carried by the AAH will cost six times as much as the average A–10 payload, but will provide only 1/60 the firepower.[4]

The extreme lethality of the anti-air weaponry at the battlefront is also an argument for greater reliance upon long range artillery, on surface-to-surface missiles, and upon remotely piloted vehicles (RPVs) for providing close ground support. Airpower cannot be relied upon to do the job of artillery. Its focus is too fleeting and its launcher is too vulnerable to the new precision-guided anti-air weapons. Smart bombs launched by aircraft will be matched by smart-anti-air munitions which will take a frightful toll of TACAIR over the battlefield. Whether this lesson will be reflected in new U.S. TACAIR force structure is moot given the propensity of our services to propagate weapons in the mold of the past. Nevertheless, intelligent choices would structure the tactical air forces to primarily achieve battlefield interdiction and to gain local air support for the kinds of close ground support that seems increasingly difficult over the battlefield of the future.

PROPER FORCE MIXES FOR GROUND SUPPORT AND BATTLEFIELD INTERDICTION

Defense officials have given significant lip service to the need for a high-low mix of tactical aircraft. This is the idea that the U.S. needs to supplement very expensive high technology systems such as the F–15 and F–14 aircraft with the cheaper F–16, F–18, and A–10 if it is going to be able to procure enough aircraft to meet its needs. The principle is a good one, but far more emphasis should be placed on the so-called "low" end of the mix for achieving significant savings and sufficient numbers of aircraft to maintain an adequate tactical airforce. Greater commonality between services and elimination of excessive or cost-ineffective systems propagated by the services mainly because they are individual to that service would create a more rational tactical air force.

For the ground support role, the F–16 and F–15 would be effective but not the most combat-effective or cost-effective aircraft for the mission. The prime requirements call for an aircraft that can be procured in large amounts to offset the inevitable heavy attrition and to counterbalance the tank superiority of the Warsaw Pact. Desirable requirements for the aircraft include: (1) heavy payload, (2) high survivability against ground fire, (3) heavy tank killing capability, and (4) good hang-time combined with high maneuverability and high rate of climb at low altitude.

The clear choice for the close ground support role is the A–10. It is designed to meet all the criteria above with the possible important exception of vulnerability to ground fire, even though it is the least vulnerable close ground support aircraft yet designed. It is unlikely that any aircraft can now achieve high survivability by past standards. Although the A–10 is currently undergoing development problems with the airframe and cost overruns and production-rate slowdowns, it looks superior to its competitors. For example, the A–10 is clearly superior to the Harrier AV–8A purchased in small numbers by the Marine Corps. The Harrier AV–8A owes its presence in the U.S. tactical aircraft inventory mainly to interservice rivalry. While its cost is comparable to that of the A–10, it carries less than one-third the external weapons load and has far less endurance, even when operated from a prepared runway. When operated in the VTOL mode its payload and endurance is degraded much further. Under all conditions, it lacks the A–10's armor and the 30m rapid-fire gun. The AV–8A Harrier exists, despite these deficiencies, for the purpose of providing the Marine Corps with an aircraft it can call its own.[5] Its sole advantage over the A–10 lies in its ability to operate, (with very small payload and loiter) from an unprepared clearing where neither an airstrip nor an aircraft carrier is available within hundreds of miles—a situation which seldom if ever occurred in Vietnam and is unlikely to occur anywhere else.

There is no reason why the Marines cannot use Air Force and Navy air wings for the close ground support mission, or alternately, use a conventional takeoff aircraft capable of acceptable performance, possibly including a carrier-based A–10 or A–9. No funds have been requested for Harrier procurement in FY 1977. There is, however, a research and development request for an "advanced Harrier", the AV–16 which is hoped to have twice the AV–8 payload and twice the range but at substantially greater cost. Research should continue on this and on other VSTOL designs as long as they appear to be fruitful.

If a cost-effective "advanced Harrier" can be built it should be assigned to the U.S. Navy for sea control purposes and not to the U.S. Marines for close ground support in amphibious missions. A–10s and other horizontal takeoff planes are better for the latter mission.

The successful development of advanced VSTOL Harriers would open the way for the building of cost-effective mini-carriers as opposed to midi-carriers or Nimitz class supercarriers. A failure to develop a cost-effective advanced VSTOL aircraft would foreclose the option of using mini-carriers in place of larger carriers for sea control.

The Advanced Attack Helicopter, or AAH, likewise owes its existence to interservice rivalry—in this case, to the Army's desire to have its own close support system. While the AAH is, by helicopter standards, very fast and heavily armed, it is still a low capability, low survivability system in comparison with the A–10, and does not offer lower unit cost. Since the AAH does have better ability than the A–10 to operate in mountainous terrain, there are conceivable situations in which it would serve a useful purpose against hostile ground troops or isolated tanks. The AAH can pop up from behind a hill, locate an enemy tank, and fire its missile. But while the AAH crew is acquiring the tank, the tank crew is also acquiring the AAH as a target. The AAH's TOW anti-tank missile is not a shoot-and-leave system; the helicopter must hover in plain view while guiding the TOW missile to its target. Conceivably the tank kill will be successful, but given the fragility of the AAH, its survival against a multiple tank force appears poor, perhaps to the point of suicide.

AAH prototypes built by Hughes and Bell are presently in a flyoff competition. In light of the marginal utility of this system, the program should be terminated. This would save $112.1 million in FY 1977. The Army should rely on the Navy and Air Force for close air support; or alternatively, should be given permission to operate its own fixed wing aircraft. It is worth noting that the entire AAH-Harrier problem would never have arisen if the Fitzhugh Commission's recommendations had been followed and all Army, Navy, Air Force, and Marine tactical airforces had been integrated into a single

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tactical air force command housed in one of the services.

Other close air support aircraft alternatives include the Enforcer. The Enforcer is a privately developed close support aircraft, based on a highly modified P-51 Mustang airframe with a turboprop engine. It has approximately half the capability of the A-10; for example, A-10 officials estimate that against a force of 10,000 tanks, 504 A-10s would be equal to 984 Enforcers. It appears that the Enforcer would be produced at one quarter to one third the unit cost of the A-10.

The Air Force has consistently rejected the Enforcer, primarily because it was generated on the outside and because it lacks the glamor of a jet.

Nevertheless, the Enforcer appears to offer potential as: (1) a complement to the A-10 in low-threat areas or where proliferation is desired, although the A-10 would be more cost-effective in most situations, and (2) as an export aircraft for arms clients and allies. The latter, however, is unlikely since clients and allies want the kind of aircraft we use rather than buy less capable aircraft, even when those are more suited to their needs and budgets. Unless the A-10 program fails completely, there appears to be little need for the Enforcer.

The other aircraft that might be considered for the close ground support mission is the A-7 Corsair II which was used in such roles in Vietnam, in both land-based and carrier-based versions. The A-7, however, is less capable than the A-10 will be. The A-10 will have superior armor, superior turnaround time, and greater "hang-time" over the battlefield. Because the A-7 is less capable, it too shuold be used less for close ground support in high threat environments than the A-10 which should be the predominant weapon in such battle conditions. It is reasonable to conclude that no new A-7s are required for FY1977 and the $235.4 million requested by the Air Force for that purpose could be better spent on other defense programs or could be saved.

Similarly, the older and less capable A-4 Skyhawk and over-capable and expensive A-6 Intruder are not as cost-effective for the close ground support mission of the Navy. It is not clear that the $102.4 million programed for purchases of the obsolete A-4 in FY 1977 is required. The A-4s do not seem well suited to their missions or are not competitive with other more cost-effective systems where missions overlap.

Possible future directions for U.S. tactical air forces

The U.S. is now committed to a number of new TACAIR programs simultaneously: The projected 749 F-15s, 650 F-16s, 733 A-10, 390 F-142, 800 F-18, and A-18s, and 481 AAHs. The combined cost of these aircraft will cost $39.3 billion in procurement costs alone in the next decade. If the 34 E-3A (AWACS) aircraft are also built and bought this will drive the total TACAIR procurement budget for these airplanes and helicopters to $43.4 billion. If Defense Department plans are fulfilled, the U.S. will spend close to $300 billion on tactical air power between now and 1985.

For such massive investments, the Congress and the Administration should take pains to ensure both efficiency and economy in force planning aircraft choices. Although the U.S. is early into its buys of the new aircraft, a year or two into each program, it is clear that hard choices will soon have to be made between competing missions. Several options seem to make sense for future force planning and revisions.

First, there are too many high-cost aircraft programmed for the inventory and too few lower-cost aircraft. The low end of the high-low mix needs bolstering by transferring funds from the F-14 to the F-18, from the F-15s to the F-16s and the A-10s.

Second, some tactical aircraft are obviously not as effective in the close air support role as others and should be avoided or phased out. This would seem to apply to the Marines' AV-8A Harrier which is far more vulnerable than other competing aircraft. It would also apply to the Advanced Attack Helicopter (AAH) program requested by the Army which will cost an estimated $3.1 billion, including $112.1 million in fiscal year 1977. The obsolete A-4 Skyhawk also should not be bought saving an additional $102.4 million in fiscal year 1977.

Questionable tactical airpower programs
(Fiscal year 1977 Procurement Request)

[In millions]

	Fiscal year 1977 savings
a. Advanced attack helicopters (AAH)	$112.1
b. A-7 Corsairs	235.4
c. A-4 Skyhawks	102.4
Total of questionable TACAIR programs	449.9

Third, care must be taken in buying F-14 Tomcats that the buy does not exceed the number of medium-sized or larger carriers that have been approved into the future for the Navy by the Congress. F-14s will not operate off mini-carriers and can operate only off retrofitted midi-carriers, a very expensive ship conversion. The F-14 aircraft buy should not pre-judge the type of carrier decisions the U.S. will be making in the future. Navy enthusiasts for the Nimitz-sized carriers might well wish the F-14 inventory to swell to such a size that Nimitz class carriers are later seen as necessary rather than as just one option among many, including the option to move to smaller conventionally powered carriers with advanced VSTOL aircraft providing the tactical airpower. A movement away from procuring Nimitz-class carriers would force the Navy away from the F-14, probably to the F-18. Fleet defense would then shift over to shipborne missiles.

Fourth, the readiness of U.S. tactical air forces leaves much to be desired. While the U.S. is estimated to be ahead in TACAIR readiness, it is far from satisfactory. In one military exercise in the NATO area over half of the losses inflicted on NATO tactical air forces came from so-called friendly fire. The lack of commonality in NATO communications and the diversity of commands and units account for such confusion and lack of coordination. The Navy has a particularly unfortunate record in regard to TACAIR readiness. According to Defense Department figures in fiscal year 1975, an average of 46% of the Navy's aircraft were not fully prepared for combat at any given time. Forty-five percent of those were wholly incapable of performing any of their primary missions.

This readiness problem has recently become apparent in the F-14 Tomcat fighter program. The F-14, billed as the Navy's superfighter may turn out to be a major disappointment. 45% of the Navy's F-14s were out of commission on an average day last December because they lacked sufficient spare parts. Another 28.5% were not ready for operations because of maintenance problems. That left only 26.5% ready for operation on any particular day. Last January when the aircraft carrier, The John F. Kennedy returned to Norfolk, Virginia from six months in the Mediterranean, only 5 of the 24 F-14 Tomcats could fly. The other 19 had to be hoisted off the carrier by dockside cranes. Part of the Navy's current problems can be traced to an overeagerness to put the F-14 into full production before all the bugs were worked out. The Navy's aviation test center at Patuxent River, Maryland has discovered some 900 initial discrepancies in the F-14, during tests, from the original standards set. They recommended that the Navy not give service acceptance to the F-14 until the plane was improved. This recommendation was ignored and the Navy is now reaping the harvest of a hasty decision. F-14 accident rates are high, parts breakdowns are far too frequent, fuel consumption is 30% higher than expected, and the F-14 has had continuing engine problems which have yet to be solved. Unless the F-14 is made more reliable and the fighter is maintained in a greater state of readiness, the F-14 should be replaced with a more cost-effective aircraft, perhaps the F-18 if that fighter is thoroughly tested beforehand in a way the F-14 was not. It is very evident that within the very large relatively fixed tactical airpower budget that more funds should go into maintaining readiness and less into goldplating modernization and duplication of forces. A correction of the reliability and readiness problems is a better defense investment than buying more aircraft that later develop major flaws due to inadequate testing and maintenance.

Finally, the United States has been talented in building new tactical aircraft when cost is no object, but the armed services have a long way to go in improving TACAIR management and decision-making in securing cost-effective aircraft. A similar long road to reform awaits in achieving a coherent command and control system for tactical air forces based on an integrated system for managing, procuring, and directing TACAIR assets of the United States.

FOOTNOTES

[1] Computed in fiscal year 1975 dollars which would make the aircraft cost $190,000 as of last year.

[2] A mission that is expensive in pilot lives, pilot capabilities, and in aircraft.

[3] The fear of destroying one's own tactical airforces over the battle area will cause some limitation of the use of anti-air firepower. This will make it possible for some TACAIR to survive over even the most lethal zones and makes some use of helicopters and close ground support aircraft useful despite the "precision revolution" in anti-air weapons.

[4] An AAH can carry a maximum of 16 TOW missiles having a payload of 1450 lbs. of high explosives. An A-10 can carry a maximum load of 16,000 lbs. of high explosives.

[5] These deficiencies may be overcome in the AV-16, "Advanced Harrier" which is under development and not yet in production.

U.S. Foreign Policy and Defense Policy: An Alternative Posture Statement—Part 4, Strategic Forces

Spending for strategic forces, fiscal year 1977

The Department of Defense is asking for a 29% increase in spending for strategic weapons from $7.3 billion in FY 76 to $9.4 billion in FY 77. 95% of this increase results from recommendations for procurement of the B-1 bomber, Trident submarine, and Trident missiles. The remainder is accounted for by Research and Development increases in the area of "counterforce" technology and cruise missile development. These expanded programs seem neither aimed at furthering the objectives of our own stated strategic policy nor justified by the estimates of the Soviet threat.

A study of our strategic forces and needs indicates that the following cuts ought to be made in the strategic budget:

(1) Delete all funds for the B-1 bomber production. This would yield a savings of $1,049 million in FY77.

(2) Stop all funding of the MX Missile Program in R&D ($84 million), High-accuracy NS-20 Guidance systems ($38.3 million), and bigger MK12A Warheads ($93 mil-

lion) All of this will save $215.3 million in FY77.

(3) Delete all funds for further Trident submarines. This would save $1114.5 million in production funds and $75.3 million on Trident submarine development funds. The total savings in FY77 would be $1189.80 millions in FY77.

(4) Delete all funds for the Sea-Launched Cruise Missile (SLCM) including funds for testing. This will save $369.2 million in FY77.

(5) Delete all funding of the Minuteman III add-ons. This would save $261 million in FY 1977.

Altogether, with no loss of security, the U.S. strategic force budget can be cut by $3,089.3 millions in FY77. There are good reasons for this as an examination of some key questions concerning strategic forces will show.

The foremost responsibility of the U.S. armed forces and the Department of Defense is the deterrence of nuclear war. Our strategic forces must be kept strong enough that no rational adversary could launch a surprise attack upon the United States and hope to escape overwhelming devastation in return from U.S. strategic forces. These forces must have the capability of absorbing a nuclear first strike from either the Soviet Union or some other antagonist and still retain the capability of inflicting unacceptable damage in retaliation upon the cities, factories, transportation centers, and military bases and units of the aggressor country.

For three decades, the United States has had a secure strategic deterrent force. It still does. As of mid-1976, the United States will have at least 8900 separate strategic nuclear weapons capable each of devastating targets in any aggressor country. These 8900 strategic nuclear weapons (bombs and missile warheads) are carried by a so-called TRIAD of nuclear delivery vehicles. These include 1054 intercontinental ballistic missiles, 656 sea-launched ballistic missiles in 41 ballistic missile submarines, and nearly 500 intercontinental strategic bombers. Beyond this awesome force exists a fourth nuclear force which contains many "tactical" fighter bombers capable of attacking the Soviet Union, Eastern Europe, and the People's Republic of China, should an attack come from those sources.

In the debate over the kind of strategic forces to develop and maintain, there has been controversy over several key issues. These issues and some of the differing answers are outlined below: Let us review each of these questions in turn. The first is:

1. How can changes in U.S. foreign policy effect changes in U.S. strategic forces?

The need for a strategic deterrent is not particularly sensitive to changes in the foreign policy of the United States. If the U.S. adopted the role of a world policeman extending its nuclear umbrella to even more countries than is now the case, it is possible, but by no means probable, that it would decide to build and deploy a larger nuclear force. The one already in place is so awesome that it ought to protect any ally from attack if potential aggressors were reasonable sure the U.S. would indeed come to the aid of the additional allies taken in under the umbrella. If the U.S. adopted a more modest stance in the world such as moving to implement a pullback from mainland Asia and a continued emphasis on defense and deterrence in Europe, it would stil need a strong deterrent similar in scope to the present one. And if it decided to play but a marginal role or no military role at all in Europe and Asia, it might still—in a hostile world—adopt a strong nuclear strategic deterrent force similar to the present one, although with its forward based systems (FBS) removed.

Only if it were perceived that there were no hostile powers at all capable of devastating or coercing the United States with nuclear or other weapons of mass destruction would it appear feasible to abandon the strong deterrent force capable of inflicting unacceptable damage on rival states.

Such a condition would be likely to exist only if a scheme of mutual and general disarmament were to be negotiated and implemented. Clearly this is a goal which our nation's leadership should be seeking. In the interim, and consistent with such an effort, it would be possible to scale down the overall size of U.S. deterrent forces if a comparable reductions were made by rival nuclear powers. The amount of nuclear overkill possessed by both the United States and the Soviet Union is so huge, and the economic savings from such a reduction is so great, that the negotiation of such a reduction should be a prime goal of our foreign policy. Indeed, it seems unlikely that any other policy can arrest widespread nuclear proliferation which could lead to the ultimate breakdown of the nuclear deterrence strategy.

In the meantime, however, strategic deterrence policy decisions, and therefore related budget decisions, must revolve around the question of how to maintain an effective deterrence at a reasonable cost and without undermining efforts to bring the strategic arms race under control. The rest of this report deals with various aspects of this question.

2. Do we want and need forces to maintain minimal deterrence or do we want and need open-ended counterforce strategic forces?

There has been a continued controversy over "how much is enough"? in the realm of strategic nuclear forces. Many believe that if the U.S. could destroy a dozen or so major cities in the homeland of a potential aggressor government, it ought to be able to deter an attack upon American soil. Thus, the argument goes, if the Soviet leadership knew it would lose Moscow, Leningrad, Kiev, Vladivostok, Kharkov, Odessa, Minsk, Donetsk, Riga, Warsaw, Prague, Budapest, Kuybychev, Volgograd, Sevastopol, Tashkent, and Baku if it attacked the United States, it would never take the risk.

Similarly it might be argued that the U.S. would never launch such an attack on the Soviets (even if we were inclined to take on an aggressive role, which we are not) if we would lose New York, Chicago, Los Angeles, Dallas, St. Louis, Washington, D.C., Atlanta, Philadelphia, Baltimore, San Francisco, Cincinnati, and Miami in the process.

The United States and Soviet forces have long since amassed strategic weapons beyond what is needed for minimal deterrence. Calculations done in the Pentagon in the 1960s indicated that as few as 400 one-megaton nuclear weapons exploded on targets in the Soviet Union could inflict 60 million deaths and would destroy at least 75% of all Soviet industry.[1] Today, the United States maintains some 40 strategic nuclear weapons per Soviet city of over 100,000 persons and the Soviet forces number 17 strategic nuclear weapons per American city of over 100,00 people.[2] Clearly, both forces have moved far beyond minimal deterrent capabilities into an incredible surplus of nuclear overkill capacity. Clearly, both sides can destroy the other with but a fraction of their strategic forces.

Pentagon planners have long targeted more than Soviet cities when they put together the contingency plans for a nuclear war with the Soviet Union. In the Single Integrated Operation Plan (SIOP) they have targeted most cities, factories, transportation systems, military bases, and military units of the Soviet Union. Most major targets have multiple weapons against both the civilian society and ican and presumable Soviet military plans contemplate launching strategic nuclear weapons against both the civilian society and military forces of the other side in a general war. It is clear that the U.S. strategic force already is poised to flight both against Soviet military and socio-economic targets.

Despite the fact that counterforce targeting is nothing new, it has been given a new emphasis by Secretary of Defense Schlesinger and Rumsfeld. They argue that the U.S. needs still more counterforce weapons and that U.S. use of the nuclear weapons in wartime will first emphasize hitting selected military targets with an attempt to minimize destruction of population and industrial centers in the Soviet Union at the outset of a conflict.

Adopting such a posture, Pentagon leaders assert, will enhance the deterrent effect of our strategic forces by making them more believeable. They will be more believeable, it is argued, because the President will have the option of destroying only part of the Soviet Union and may thus be able to terminate hostilities and through threat of more or the same, rather than forcing the Soviets into all-out war to the finish. Such incremental doses of nuclear killing power are more likely to be used, the other side knows this, and—the argument goes—they will thus be less likely to initiate an attack than if they knew that the President had only the options of all-out nuclear holocaust or surrender. Such selective dose of nuclear seige also, it is argued, avoids the barbarism inherent in a decision to destroy millions of persons living in Soviet cities who would be the innocent victims of their leader's aggression and of American retaliation.

Most strategists who believe that a nuclear deterrent force is a necesary evil in a hostile world where others also possess such forces will agree that the President should have the option of not pushing all the buttons in such a wartime situation. What many in the debate over counterforce weapons have long ignored is the fact that the U.S. President has long had the capability to send off small groups of bombers and/or missiles against isolated military targets in the Soviet Union, Eastern Europe, or China. Such selective counterforce capabilities have long been part of the U.S. strategic forces and would be available in a war or a crisis.

Where Mr. Schlesinger and Mr. Rumsfeld part with the critics of the new counterforce doctrine and weapons proposals is in how extensively we should rely on counterforce doctrine, and how this should influence the kind of strategic forces we build and deploy. The Pentagon has argued that this new selective counterforce strategy will require: (1) a whole new class of highly accurate ICBMs, (2) extensive retraining of U.S. strategic nuclear forces in selective nuclear strike options, (3) more numerous strategic nuclear weapons to blanket all possible military targets in the Soviet Bloc, (4) as announced nuclear strategy that the U.S. stands ready to use nuclear weapons in a selected strike very early on in a confrontation and war with the Soviets.

This Pentagon leaders argue, will enhance deterrence of war with the Soviets by making our strategic forces even more credible.

The critics of the New Counterforce Program, however, argue that these new High-accuracy ICBMs and SLBMs will be destabilizing to the nuclear balance by making the Soviet ICBMs more and more vulnerable to destruction by surprise attack. This might force the Soviet leaders to put their force into a "launch-on-warning" posture that could easily result in accidental nuclear war. WWI began as an accident of fate, the assassination of one man, and resulted in the death of millions. A similar and even more catastrophic war could be unleashed if the Soviets felt compelled to counter U.S. coun-

Footnotes at end of article.

terforce weaponry with a "launch-on-warning" posture to guarantee their own deterrent capability. One mistake could trigger the nuclear storm.

As critics of the new Pentagon Counterforce Program point out, the new weaponry is more likely to cause pre-emptive attacks. If Soviet leaders know high-accuracy counterforce U.S. weapons can destroy their ICBM silos with pinpoint accuracy, they would be more likely to launch pre-emptive strikes during wartime or crises.

Also by setting loose within the U.S. armed forces the notion that nuclear weapons are useable and by initiating tens of new selected strike training routines, the new doctrine accustoms U.S. military leaders to think in permissive terms about the useability of nuclear force in crisis and early war encounters. These routines make the military and their civilian leaders think in terms of the "useability" rather than the "unthinkableness" of these weapons. This may give rise to the illusion that nuclear warfare is likely to remain under control if administered in finite doses. It fosters the notion that nuclear war, once initiated, can be kept from escalating. This is a dangerous notion that critics of the new counterforce emphasis oppose.

Finally, the new posture inevitably will lead to further Soviet strategic force countermeasures beyond launch-on-warning status. If their ICBM force becomes vlunerable to highly accurate U.S. missiles they may launch a new round of weapons building, creating perhaps mobile ICBMs or a larger number of sea-launched missiles, or ABM defense around the more vulnerable ICBMs. This would have disastrous consequences for SALT and would incite another round of strategic arms building in both camps. The ultimate result would be more billions of dollars for strategic weapons with no perceptible gain in for by the Pentagon such as the terminal MARV weapons, the MX missiles system, the higher-yield MK12A warhead, and the high-accuracy long range cruise missile may all be counterproductive to the United States if developed. Billions of dollars may buy more insecurity than security if invested in such systems.

Further, if the U.S. builds counterforce weapons the Soviets are very likely to follow. This will put our ICBM's at further risk and require expensive countermeasures by the U.S. Development of such counterforce weapons will also preclude meaningful SALT limitations on their development, another missed opportunity for arms control efforts to head off expensive new systems that give no further physical security to the superpowers.

3. Do we need to match or exceed Soviet strategic forces?

Since decision-makers act on perceptions of reality as well as the ultimate reality itself, some Pentagon leaders, such as former Defense Secretary James Schlesinger, have argued that the U.S. must be perceived as equal or superior to the Soviet Union in strategic force in the Kremlin leaders' eyes. A perception of American inferiority, it has been argued, might cause Soviet leaders to commit aggression in a crisis which could escalate into war. Thus, Pentagon leaders have argued that in all major indices of strategic power (numbers of nuclear weapons, accuracy, delivery vehicles, throw-weight, reliability, availability, and megatonnage) the U.S. should maintain rough parity or real superiority. The Pentagon catch phrase for this is maintaining "essential equivalence."

Critics of this new concept of "essential equivalence" argue that matching the Soviet in all phases of strategic forces is not necessary to deter attack by the U.S.S.R. Assymetries in the two forces, it is argued, do not mean that either is insufficient to do the job it was designed to do, namely to guarantee that the other side will suffer unacceptable social, economic, human, and military damage if it launches an aggressive attack. The Soviet force with its advantages in throw-weight, in megatonnage, and in numbers of delivery vehicles can deter or destroy the United States. The U.S. strategic forces with their advantages in numbers of nuclear weapons, missile accuracy, reliability, weapons availability, and MIRV technology can deter or destroy the Soviet Union. Neither side has to be symmetrical to the other in order to carry out its strategic function.

Thus, "essential equivalence" opens the door for ever more numerous deployment of nuclear weapons with no end point in sight. Whatever the Soviets do, our hardliners argue, we must match them to maintain a perception of equivalence. What is overlooked is that the targets remain finite while the number of new weapons required under such a doctrine may stretch out into an infinity of new weapons produced in order to match every new Soviet strategic weapons move. A more sensible approach than "essential equivalence" is to conclude that nuclear sufficiency and "assured destruction" doctrines make more sense than an endless matching of Soviet capabilities. Once you can destroy the other society and much of its military force one time over, you need add no further strategic arms. The size of the forces on both sides make it wildly implausible that the leadership on either side can perceive any useable strategic advantages out of the fact that the two forces are not mirror images of each other.

They both contain such formidable destructive power that they cannot be ignored. Different as they are, both forces will deter. The attempt to match the Soviets in every category of strategic strength also has another unfortunate result. It causes Pentagon planners to develop weapons not only to match present but also projected future Soviet strategic weapons. This creates a self-fulfilling prophecy whereby we build added weapons to offset weapons they are projected to be planning to build. This funding of U.S. weapons then provides further arguments for hardliners in the Kremlin to argue for the very weapons we predicted they might build. Thus, our actions based on fear of their future arms development help create that very Soviet armament. It is this kind of dynamic that helps drive the strategic arms development on both sides.

4. Do we need a Triad and, if so, must we continually modernize it?

As mentioned at the onset, the U.S. maintains three acknowledged strategic forces and a fourth force, composed of many forward-based nuclear-loaded fighter bombers, which can be used strategically against the Soviet homeland. Within the strategic "Triad" the U.S. maintains ICBMs, SLBMs, and strategic bombers. While each system has different capabilities and vulnerabilities, together they provide an assured ability to destroy any aggressor in a retaliatory strike. While the Triad is a useful mix of strategic systems to insure survivability of the deterrent force, there is no necessity to goldplate all legs of the Triad. Continuous modernization of the bomber and ICBM and SLBM forces is not necessary at the rapid rate that we are currently turning out new and improved models. This leads to several questions about our ICBM, bomber, and submarine forces. For example:

5. Should we downgrade our emphasis on the increasingly vulnerable ICBM force? If so, what should take its place, if anything?

The 1000 U.S. Minuteman intercontinental ballistic missiles (ICBMs) are the most accurate strategic systems in the U.S. arsenal and the most likely to be able to penetrate and destroy fixed military targets of an aggressor. Within the next year, some 550 of those ICBMs will have a MIRVE capability. 450 will be retained with their single warheads. 54 older Titan missiles still remain from the early sixties. All intercontinental ballistic missiles are under secure command and control and are buried in hardened concrete silos in remote areas of the U.S. ICBM command and control is considered superior to that for SLBMs and even for bombers. Any adversary seeking to destroy the entire ICBM force in a disarming attack would need to strike all of them within several minutes of the first explosion, would need to hit each with pinpoint accuracy from hundreds and even thousands of miles away, and would have to somehow hope that "fratricide effects" would not prevent secondary missiles from destroying silos where first missiles shots had failed. The probability of destroying all U.S. ICBMs in such a surprise attack is not high although a significant portion may be destroyed, as accuracies of Soviet missiles increase. The most obvious U.S. and Soviet counter to such increases in accuracy might be to put more ICBMs on "launch-on-warning" status, not a desireable situation due to the possibility of accidental war.

The increasing accuracies and reliabilities of missiles on both sides makes a target kill probability close to 1.0 a likely possibility for U.S. missiles in the next decade. The Soviets are thought to lage in this technology but should also master it in time.

This has led to the speculation that fixed-silo ICBMs may become more and more vulnerable to disarming attacks. This has led further to the speculation that ICBMs will than have to be made mobile, or would have to be protected with anti-ballistic missile (ABM) defenses. Or, some conclude, ICBMs must be abandoned and the strategic forces will have to rely upon sea-launched missiles and bombers to provide the deterrent. Others argue that ICBMs could retain their value if put on "launch-on-warning" status.

Such developments as these can be forestalled, if U.S. and Soviet leaders recognize clearly the fact that an attack on one element of the Triad, namely the ICBM force, would still bring a devastating attack from the bomber and submarine forces. Moreover, the presence of ICBMs would still draw resources away that otherwise might be pitted by an adversary against our bombers and submarines. Hence, the ICBM is likely to remain useful as a deterrent for some time to come, especially when it is realized that "fratricide effects" and the difficulty of achieving a high-confidence high-accuracy simultaneous attack on 1054 separate targets make it likely that U.S. ICBMs will get off the pad in some numbers even if attacked.

6. Do we need manned bombers? If so, do we need a new one now?

The bomber force is the most vulnerable to attack if caught on the ground. However, it is likely that any war would be preceded by a crisis that would give ample time for the Strategic Air Command to disperse its bomber fleet of B–52s and FB–111s. During the Cuban Missile Crisis, SAC Bombers were dispersed to over 40 civilian airfields as well as being kept at regular SAC airbases. Aided by missile depression of Soviet or Chinese air defenses, it is likely that many of the manned bombers would be able to deliver their nuclear megatonnage upon aggressor targets as ordered.

Bombers can be used in selective strikes and have the advantage of being capable of recall if the leadership changes its mind in the midst of a crisis. They can also be moved to forward areas and dispersed as signals of serious intentions during crises.

Despite these points in favor of retaining a manned bomber capability in the U.S. strategic deterrent force, there is a serious question about how important the manned bomber remains in an age of missiles. Bombers are not only the most vulnerable part of the strategic triad, but they are also the

slowest. ICBMs can traverse thousands of miles to Soviet targets in 30 to 40 minutes. SLBMs can hit coastal targets with but minutes warning time. Yet bombers will take several hours to reach their targets. Moreover, they, unlike the ICBMs and SLBMs deployed in the U.S.S.R. They are the least likely part of the trial to (1) survive and (2) pierce the active and passive defenses around Soviet targets.

Some argue that the very slowness of bombers allows negotiation even during the flight of the bomber toward the target. Others argue that the slowness allows more time for recall. Nearly all analysts will agree that bombers give the U.S. the ability to acquire new targets of opportunity in the midst of a conflict, targets that were not pre-planned. Nearly all will agree too that the addition of a bomber force makes it more likely that a considerable number of additional SLBMs and ICBMs can be launched in a retaliatory strike against an aggressor. This adds to the overall deterrent capability of the strategic forces.

Nevertheless, there is no need to goldplate all legs of the strategic "triad", especially the bomber force. Bombers are the least useful and most expensive part of the strategic forces. For example, they require highly skilled personnel and extensive operations and maintenance investments. There is considerable doubt whether they are cost effective when compared to ICBMs and SLBMs either from the standpoint of mission effectiveness or financial investment.

Ironically, manned bombers may be saved from being categorized as anachronisms by coupling them with missiles. As a standoff platform for air-launched cruise missiles or SRAMs the manned bomber may still retain a vital strategic capability. The improvements in cruise missiles and SRAMs offer the bomber a new life and renewed usefulness where it will not be required to test itself close in against the increased interceptor and concentrated SAMS surroundings many of its targets.

One of the key questions facing the U.S. in the near future is whether it needs to modernize its current manned bomber fleet of nearly 500 B52s and FB111s by producing 241 B-1 bombers or a bomber equipped with long-range-air-launched cruise missiles. Even the Air Force which has indicated an eagerness for the B-1 admits that the B-52s and FB-111s will provide an adequate bomber force into the 1990's. This being so, it is difficult to see why either the B-1 or the air-launched cruise missile should be produced at this time, except for purposes of further research and development.

Critics of the B-1 make the point that the aircraft is the most expensive ever proposed for mass production. The cost is now projected at $88 million per plane and has risen every year. They also reiterate that it is not needed since present SAC forces can do the job until the mid-1980's or later. They argue that this is the age of the missile and that the bomber is of declining importance and rising cost. Moreover, they find the extra bomb and missile capacity of the B-1 to be superfluous in an age of massive nuclear overkill. The costs of the entire B-1 fleet, some assert, would rather be spent on conventional forces where the military need is greatest or should be left out of the defense budget altogether since an expenditure of that magnitude has serious inflationary repercussions.

From an economic standpoint the B-1 is especially questionable. It is highly probable that the skyrocketing price of the B-1 could cause its early terminations after a buy of perhaps 40 or 50 aircraft. This would have a serious dislocating effect in the aerospace industry and could cause large layoffs of aircraft workers who looked to the B-1 contract to supply jobs. Indeed, critics of the B-1 argue that rather than creating numerous jobs, the B-1 will cause a net job loss in the U.S. economy. Studies done by public interest research groups and the U.S. Department of Commerce indicate that more jobs would be created if the B-1 money were invested in other sectors of the economy.[3]

Budget cut suggested

Dropping the B-1 will save $1,049 million in FY1977 and perhaps additional $90 billion over the lifecycle of 244 B-1s.

7. Should we move more of our strategic forces out to sea? Is Trident the most cost-effective strategic submarine option?

Undoubtedly, the most invulnerable part of the strategic triad resides at sea with the 41 U.S. ballistic missile submarines, half of which are on station at a given time. The ten Polaris and 31 Poseidon boats will soon be joined by the first of the Trident submarines in the late 1970s. This undersea force has about 5000 strategic nuclear weapons targetable upon adversary cities and fixed sites. With the retrofitting of ten Poseidon submarines with the new Trident I missile, these boats and new Tridens will have a missile range of 4000 miles. This will increase SLBM ranges in the U.S. force by approximately 1500 miles and will give the ballistic missile submarine fleet 15 times more ocean to maneuver within so as to avoid Soviet and other ASW forces.[4] Strategic submarine forces already were considered highly invulnerable to current ASW technology and this added range increases that degree of invulnerability immeasurably.

The Polaris A-3 and the Poseidon C-3 missiles are considered less accurate than the Minuteman III or New MX missiles being designed or deployed on U.S. ICBMs. Sea-launched ballistic missiles are considered primarily to be counter-value or counter-city weapons. ICBMs are considered to be increasingly capable of counterforce targeting and have superior command and control systems. However, if the Navy applies terminal guidance to SLBMs, particularly the Trident II missile, they will clearly have a counterforce missile system.

While decisions on the Trident II missile and terminal guidance are several years away, the necessity for such counterforce SLBMs is dubious, especially in view of the high cost of development and the possible destabilizing effect of high accuracy counterforce missiles.

In fact, the continued high cost of Trident submarines makes their continued deployment a questionable investment. Some scientific and strategic experts argue that retrofitting Poseidon submarines with Trident I missiles and then deploying the same system on a Narwhal submarine would be more cost-effective than investing billions more in the huge Trident submarines. Others have suggested building many conventionally-powered submarines armed with the Trident I missile. The Navy seems quite eager to continue deployment of the Trident system and so far no urging by critics has succeeded in getting them to *carefully* consider the alternatives of the SSBX (driven by fuel cells, not diesel engines) or SSBNX to Trident. Such a study is obviously in order and might well reduce the requirements of costs projected for a large Trident force.

Of all of the legs of the Triad, the submarine system seems the most valuable and the least vulnerable. Moreover, no significant ASW threat looms on the horizon. The increases in range that will be secured by the Trident I missile will make the force even less vulnerable to any ASW developments. As bombers remain a marginal strategic force and as ICBMs become increasingly vulnerable, it is likely that the U.S. will depend more and more upon the sea-based deterrent for protection. This force when equipped with Trident I missiles should remain adequate even without further introductions of the Trident force in large numbers through the next decade or more. Even if the other legs of the U.S. strategic Triad disappeared over night, the sea-based deterrent would suffice.

Budget cut suggested

Recommended: Deleting all funds for the Trident Submarine in FY77. This will save $1189.8 millions in FY77.

8. What is the likely arms control impact of new U.S. strategic programs?

New U.S. Strategic systems on the horizon include the MX ICBM program, the Air-Launched Cruise Missile (ALCM), the Sea-Launched Cruise Missile (SLCM), the B-1 Bomber, the terminal and evader MaRV missile systems and the Trident I missile system. Of these from an arms control point of view, the MX, ALCM, SLCM, and MaRV systems are damaging to attempts to cap and stop the strategic armaments race through a SALT agreement. In the case of each, they will make it harder to stop new rounds of arms building once tested and into engineering development.

The MX program contains at least three elements. It includes work on a more accurate missile system. It includes funds for development of missiles with a greater explosive yield and throw-weight than the Minuteman III. And, finally, it contains funds for development of a mobile land-based ICBM. This latter part of the program could have very serious and damaging impacts on SALT negotiations. Mobile ICBMs would be extremely difficult to verify by "national technical means" (i.e. by spy satellite) and would be next to impossible to count accurately without on site inspection. These mobile ICBMs might be deployed underground on tracks which run beneath multiple silo holes. Such a shell game would confuse adversary military planners since they would not know which silo opening to target. At the same time, it would make verification of the number of ICBMs next to impossible unless each silo counted as an ICBM in an arms control treaty.

Mobile ICBMs loaded on trucks or railway cars might be easily camouflaged or stored in garages and moved at night. All of this would create nightmares for the arms control community trying to negotiate meaningful and verifiable limits on the number of strategic weapons.

In similar fashion the development of cruise missiles, especially the sea-launched variety, might make SALT verification impossible. Once tested any industrialised state could mass produce and hide large quantities of cruise missiles, the numbers of which would not be verifiable by "national technical means of inspection."

Since cruise missiles are now expected to be one-fifth to one-tenth as costly as the equivalent ballistic missile, cruise missiles could lead to a quantum leap in the number of strategic warheads in the U.S. and Soviet inventories. U.S. officials have predicted that as many as 21,000 SLCMs and ALCMs might be deployed in future years. The U.S. today has "only" 8900 strategic nuclear weapons and the U.S.S.R., 3500.

Once developed, cruise missile technology may spread and allow the near nuclear countries to "go nuclear" on the cheap. Overall, cruise missiles have the potential to thwart any chance for a verifiable ceiling on U.S. and Soviet strategic nuclear weapons. At a minimum, steps should be taken to ban strategic sea-launched cruise missile tests and development so as to preserve the option of achieving a SALT limit which can be verified adequately. This can also spare the United States the necessity of eventually erecting a thick air defense system against Soviet long-range cruise missiles.

Footnotes at end of article.

SLCM budget cut recommended

This leads us to the conclusion that the Congress should delete all funds for the Sea-launched cruise missile in the FY77 budget. This will save $369.2 million in FY77.

New counterforce weaponry destabilizing

The counterforce accuracies that reside in the new MX, terminal MaRV, and Trident II missiles ought also to be foregone in the interest of preserving some stability in the current strategic balance with the Soviet Union. MX, terminal MaRV, and Trident II will merely force the Soviets to build new systems that will doubtless incite U.S. strategic countermeasures as well. It is better to leave the U.S.S.R. ICBM force relatively invulnerable to prevent another cycle of frantic arms building without achieving additional security. The movement to mobile ICBMs, to new ABMs, or even to more sea-based strategic forces would be unfortunate from the standpoint of getting meaningful ceilings set at SALT for all major strategic forces. A quantitative and qualitative freeze and cutback will be possible only when the invulnerability of the respective deterrent forces is guaranteed. MX, MaRV, and Trident II all tend to increase the vulnerability on the Soviets side and are counterproductive from an arms control and disarmament perspective.

Counterforce weaponry cut recommended

Since these new counterforce weapons will be destabilizing and will incite new rounds in strategic arms building, it is recommended that Congress delete all funding in FY77 for the MX, MK12A Warheads, and NS-20 guidance system. This will save $159.2 million in FY77.

9. How can we improve our national security through SALT and halt the ever more expensive strategic arms race?

SALT to date has failed to stop the strategic arms race. At best it has led to a better understanding of the U.S. and Soviet positions by each side. It has begun a process, but it has yet to halt any important aspect of the arms race except ABM deployments. It has been convincingly argued that the negotiations have not stopped the deployment of record numbers of nuclear weapons and that at most the negotiations and agreements to date have rechanneled the strategic arms race but not stopped the flow of new arms. Indeed, the high and permissive limits set on launchers and MIRVs at Vladivostok in late 1974 has acted to set higher force limits than the military had then requested. These ceilings thus became high planning targets rather than firm ceilings. The talks also produced the unfortunate "bargaining chip" argument whereby new weapons were granted the military under the misguided assumption that this would pressure the other side into agreements at a faster rate and on more favorable terms.[5] This was found to be untrue since all agreements to date have permitted the bargaining chip systems and left loopholes for new "chips" to be created to exploit. The negotiation of a threshold test ban in 1974 led to a race to increase testing before the testing cutoff. SALT I was purchased at the price of promising Trident to the Navy among other things. Expanded military hardware has been the price of getting the military behind SALT agreements so as to make the SALT agreements politically safe for politicians.

A meaningful SALT agreement, one that served as a basis for arms reductions rather than as platform for new arms production would include:

(1) a ceiling on all delivery vehicles and MIRVed launchers.

(2) a ceiling on all nuclear bombs and warheads (force loadings).

(3) a comprehensive test ban that included bans on peaceful as well as military tests of all kinds.

(4) a stringent limit on the development of qualitative strategic improvements such as MX, Trident II, ALCM, and SLCMs, and the Russian equivalents.

(5) an agreement not to develop systems that cannot be verified by national means of verification such as mobile missiles, long range cruise missiles, and terminal MaRV. This agreement would probably have to include a formal or tacit agreement not even to test such systems to avoid the problem of the "clandestine cache" of weapons.

(6) some limits on theater nuclear forces, especially those that have significant ranges capable of hitting the homeland of U.S. or U.S.S.R.

(7) prohibitions against testing and development of terminal MaRV.

This kind of agreement would then serve as the baseline for further arms reductions.

FOOTNOTES

[1] Alain Enthoven and Wayne K. Smith, *How Much is Enough?*, (New York: Harper & Row, 1974), pp. 207–210.

[2] Calculations are based on U.S. Force loadings of 8,900 strategic nuclear weapons and U.S.S.R. forceloading of 3,500. There are 200 U.S. cities of 100,000 and 219 Soviet cities of that magnitude. See Donald Rumsfeld, Secretary of Defense, *Annual Report of the Department of Defense.* FY 1977, Washington, D.C., Jan. 27, 1976, p. 54. This gives 1976 force loadings.

[3] See Marion Anderson, *The Empty Pork-barrel,* PIRGIM, East Lansing, Michigan, April 1975. See also study by Roger Bezdek, "The 1980 Economic Impact—Regional and Occupational—of Compensated Shifts in Defense Spending, "Journal of Regional Science, Vol. 15, N. 42, 1975, Bezdak is the Chief, Industrial GNP Branch, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, D.C.

[4] Testimony of Adm. Hyman Rickover, Hearing on Military Posture, Seapower Subcommittee, House Armed Services Committee, March 17, 1975, p. 3657, Part 3 of 4 parts.

[5] One such "bargaining chip" requested as a supplemental to the FY 1977 Defense Budget is $266 million in Minuteman III procurement over and above the 550 already in place. Another bargaining chip is the extra $56 million requested for strategic re-entry vehicles. Both "chips" are likely to be kept rather than traded away in future SALT pacts.

DEFENDING AMERICA: AN ALTERNATIVE FOREIGN POLICY AND DEFENSE POLICY POSTURE FOR THE UNITED STATES

Abstract: "The United States can save $8.5 billion in the FY 1977 Defense Budget Request without damaging U.S. national security. It has the option of reducing the defense expenditures by that amount or of buying a more effective defense force with the $8.5 billion identified as softspots in the present budget request. If the U.S. changed its foreign policy, the defense force needed to support it would change. The size and cost of defense forces needed to support foreign policies of Pax Americana, Present Policy, Pacific Pullback/Europe First, or a policy of General Retrenchment are identified in this report."

SUMMARY AND CONCLUSIONS

The Department of Defense has submitted its FY 1977 budget request for $101.6 billion in outlays and $114.2 billion in total obligatory authority (T.O.A.).[1] Recommended in the Administration request is a 5% pay raise for DoD personnel instead of the usual cost-of-living pay raise that is normally appropriated in September for federal employees. Failure to vote this 5% "pay cap" would result in an additional $2.2 billion in defense expenditures with defense outlays totaling $103.8 billion and total obligatory authority reaching $116.4 billion.

The magnitude of such expenditures is difficult to comprehend. For example, the FY 1977 request by the Pentagon exceeds the entire combined GNP of the 43 countries that make up the continent of Africa.[2] Indeed, only eight of the more than 150 states in the world today have individual GNPs that exceed the resources allocated to the U.S. Defense budget.

Given the magnitude of the U.S. Defense budget requests it is important that the programs of the Pentagon be given a close and critical look to insure that the money is being spent both efficiently and economically. To do less in the Congress would be to abdicate our responsibility to the taxpayer and the citizen who wants his tax dollars to buy the leanest and the toughest defense force possible for the investment made. This is the reason for this Alternative U.S. Foreign Policy and Defense Policy Statement.

Unfortunately, we have found that the current defense budget request presented for FY 1977 shortchanges the U.S. in both cost-effectiveness and economy. This study indicates how $8,537.9 million can either be saved without weakening the U.S. defense force in any significant way or can be reinvested in other defense programs that make more sense and provide more useful military capability.

This study addresses 3 basic questions:

(1) If the present U.S. foreign policy were taken as given, how can the United States more economically provide an effective defense program to support it? How can the U.S. provide the same amount of defense and deterrence for less expenditure of resources?

(2) If the U.S. foreign policy were taken as given how can the U.S. provide a more efficient allocation of defense funds? How could the U.S. provide a better program of defense and deterrence with the same investment of funds as requested by the Department of Defense?

(3) What kind of defense programs at what costs would be needed if the U.S. adopted a different foreign policy from the present one? Specifically, what kinds of forces and costs would be necessary for policies of:

a. Pax Americana Policy?
b. Present U.S. Policy?
c. Pacific Pullback/Europe-First Policy?
d. General Retrenchment Policy?

OPTION I. ECONOMY DEFENSE BUDGET: SUFFICIENT DEFENSE FOR $8.5 BILLION LESS

This study concludes that some $8,537.9 million can be saved from the FY 1977 Defense Budget, an "economy budget", without changing the essential defense capability of current programs needed to backstop our present foreign policy. We conclude that a FY 1977 Defense budget of $105.662 billion including defense manpower cost curbs would provide an adequate defense for the United States. Note where the $8.537 billion would be saved:

ECONOMY DEFENSE BUDGET ESSENTIALLY THE SAME DEFENSE CAPABILITY FOR $8537.9 MILLION LESS

Approve: $107.862 billion in Department of Defense funding (TOA) for Fiscal Year 1977. This includes funding of most major strategic and general purpose forces requests as

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[1] This includes the January 1976 request and supplemental requests for naval and strategic forces.

[2] See Ruth Sivard, *World Military and Social Expenditures 1976,* WSME Publications, Box 1003, Leesburg, Virginia 22075.

well as most defense manpower funding requests by DoD.

Recommended: The following changes from current defense programs or requests.

1. Strategic forces: Suggested cuts in questionable programs

[In millions]

	Savings
a. B–1 bomber program	$1,049
b. MX missile program	84
c. MK–12A warhead program	93
d. Trident submarine funding (suspension awaiting study)	1,114
e. Sea-Launched cruise missile (SLCM)	369
f. Minuteman III missile add-ons	261
	3,051

2. Seapower: General purpose force suggested cuts in programs

[In millions]

a. New Nimitz carrier procurement funds (Long Lead-time items in FY 1977)	$350

3. Defense manpower: Suggested cuts in questionable programs

[In millions]

	Savings
a. Redress the balance between officers and enlisted personnel by not replacing 6,000 officer slots	$150
b. Improving the combat-to-support ratios	188
c. Transfer 50,000 naval reservists to the Individual Ready Reserves	36
d. Eliminate "double dippers" who draw two salaries	60
e. Increase average tour of duty from 14 to 18 mos	250
f. Increase student/teacher ratio from 1.5 to 1 to 2 to 1	520
g. Decrease average training period by 1 week from 67 days to 60 days	1
h. Cap retirement annuities at 5 percent increase per year	200
i. Remove the 1 percent kicker for retirees	90
j. Do not approve recomputation for retirees—this would add some $550 million in fiscal year 1977	--
k. Reduce civilian manpower by 1.5 percent in an efficiency incentive cut of 41,000 spaces (15,000 more than projected by the DoD)	580
l. Institute a 5 percent pay cap on all payroll increases for all DoD people in fiscal year 1977	2,200
Total manpower savings	4,687

4. Tactical airpower: Suggested cuts in questionable programs

[In millions]

a. Advanced attack helicopter program (AAH)	$112.1
b. A–7 Corsair program	235.4
c. A–4 Skyhawk program	102.4
	449.9

Total fiscal year 1977 savings 8,537.9

ECONOMY BUDGET: IA SEAPOWER

In a period when U.S. warships now number fewer than 500, the lowest total since 1939, it is poor judgment to place so much investment in nuclear powered and very high cost ships such as the Nuclear Strike Cruiser and the Nimitz supercarriers. The Navy budget should be allocated to more conventionally powered platforms which cost less. Nimitz class carriers would be vulnerable in high-threat areas in war with the Soviet Union because of the likelihood of nuclear weapons use at sea. On the other hand, Nimitz class carriers are not needed to perform missions against second and third rank military powers. Conventionally powered carriers and other ships can do the limited war missions that these would entail in low threat areas.

This careful study of the Navy indicates that the seapower budget should be reallocated to buy cheaper platforms in greater numbers. This would increase the survivability of U.S. naval forces should a major war occur since U.S. naval assets would be located on more platforms dispersed over a wider area. Moreover, 70% of the globe is covered by water, and numbers of ships and submarines do matter in maintaining sea control. The high-cost ships like the Nimitz canot be in two places at the same time and their purchase in large numbers will insure an inadequately sized U.S. Navy, unless large numbers and huge ships are built at the same time, at prohibitive costs.

Also like the TACAIR budget, the Seapower budget inadequately funds maintenance of the force. Navy readiness is in sad disrepair. As Admiral Rickover has stated "there has been no period in the past 50 years where the fleet has been in as poor condition as it is today." A vivid example of the tradeoffs between investing in increased maintenance versus investing in new nuclear powered ships is provided by the fact that for the price of one nuclear strike cruiser ($1.2 billion), the Navy could pay for the repairs and modernization for all ships (some 74 at last count) in the current overhaul backlog (priced at $1.0 billion). Investments in readines will yield more combat capability sooner than investment in dubious new construction of Nimitz class carriers and nuclear strike cruisers.

Strongly recommended is a new carrier study which looks at the cost-effectiveness of several different kinds of carriers. This study should look into the very real advantages offered by mini-carriers with VSTOL aircraft as compared with a purely nuclear-powered carrier of the Nimitz class. Investment in the goldplated high-cost surface ships now proposed by the Navy puts in doubt not only the feasibility of reaching 600 ships by 1985, but of maintaining 500 ships. Clearly, a new look needs to be ken at the Navy planning for the next decade and this MCPL report suggests several alternative routes to explore.

In the meantime, while the carrier study is being made the outcome should not be prejudged. No funds should be allocated in FY 1977 for a new Nimitz class carrier until it is clearly shown to be the way to go. All $350 million requested for a new Nimitz class carrier should be deleted from the defense appropriation in FY 1977.

Questionable seapower programs

[In millions]

	Fiscal year 1977 savings
a. Long leadtime items—Nimitz class aircraft carrier	$350

ECONOMY BUDGET: IB DEFENSE MANPOWER

The rationales for these deletions and program cuts are found in the body of the report. In the areas of the General Purpose Forces most of the reasons for the Defense Manpower changes are straight-forward and obvious.

The first reform would redress the current imbalance of officers to enlisted personnel in uniform. The second would improve the so-called teeth-to-tail ratio by turning more support people into combat personnel. These reforms will create a less top-heavy, tail-heavy military force. The other reforms are "efficiency" changes that would save money or better utilize resources and speak for themselves. Reserve reforms, retirement pay reforms, eliminating "double dippers", increasing tours of duty, improving manpower useage in training, holding the line on pay and retirement pay increases will all save billions. Overall, some $4.687 million can be saved in FY 1977 by these measures.

Recommended defense manpower changes

[In millions]

	Savings
a. Redress the balance between officers an enlisted personnel by not replacing 6,000 officer slots	$150
b. Improving the combat-to-support ratios	188
c. Transfers 50,000 naval reservists to the Individual Ready Reserves	36
d. Eliminate "double dippers" who draw two salaries	60
e. Increase average tour of duty from 14 to 18 mos	250
f. Increase student/teacher ratio from 1.5 to 1 to 2 to 1	520
g. Decrease average training period by 1 week from 67 days to 60 days	1
h. Cap retirement annuities at 5 percent increase per year	200
i. Remove the 1-percent kicker for retirees	90
j. Do not approve recomputation for retirees—this would add some $550 million in fiscal year 77	----
k. Reduce civilian manpower by 1.5 percent in an efficiency incentive cut of 41,000 spaces (15,000 more than projected by the DOD)	580
l. Institute a 5 percent pay cap on all payroll increases for all DOD people in fiscal year 1977	2,200
Total manpower savings	4,687

All of these changes require the action of Congress and some like the 5% pay cap have been recommended by the administration. Most of these changes could begin in FY1977 but some would not result in savings until FY1978 due to the time needed to implement them.

ECONOMY BUDGET: IC TACTICAL AIRPOWER

Perhaps the most disturbing aspect of the U.S. tactical airforces is that there are so many of them. Each service maintains its own. These duplicate each other in many cases. Programs of the U.S. Army (the Advanced Attack Helicopter) and the Marines (the AV–8A Harrier) appear to be particularly ill-suited to the kinds of missions they will be called upon to perform. It is recommended that Army and Marine TACAIR be taken over by the Air Force and Navy with a more integrated command and control system introduced as well. This will result in only modest savings in FY1977 with only the Advanced Army Helicopter expenditures deferred until a study can be made to determine the cost-effectiveness of this program versus the A–10 aircraft for close ground support. This suspension of AAH development will save $128.9 million in FY 1977 if implemented.

Other questionable aircraft buys, such as the A–4 and A–6 aircraft, should also be suspended. This would save an additional $108 million in FY 1977. Again, alternative aircraft should prove to be more cost-effective than the A–4s and A–6s in performing their missions.

Current Pentagon plans now call for the expenditure of close to $300 billion on tactical airpower between now and 1985. This will include $43.4 billion on projected aircraft and helicopter procurement. Far too much of this large investment is programmed for "gold-plated" aircraft which are at the high cost end of the "high-low" mix. Greater emphasis should be placed upon getting more cost-effective aircraft at the lower end of the cost spectrum. It is strongly recommended that funds for the costly F–14s be transferred increasingly to less costly F–18s, and from the costly F–15s to the less costly F–16s and A–10s.

Not only should lower cost aircraft be purchased where feasible, but greater main-

tenance standards should be met. Nearly a fifth of all Navy planes are incapable of performing their combat missions at any given time and 46% are not fully prepared. The resources now sunk into goldplated aircraft and redundant tactical airforces can be better put into TACAIR maintenance. Dollars allocated to O&M rather than procurement of the AAH helicopter program would seem a logical tradeoff. The size of the current TACAIR budget is not unreasonable given the value of tactical airforces, but much of the funding needs to be reallocated along the lines indicated here.

Questionable tactical airpower programs
Fiscal year 1977 savings

[In millions]

	Fiscal year 1977 savings
a. Advanced attack helicopter program	$112.1
b. A–7 Corsair program	235.4
c. A–4 Skyhawk program	102.4
Total questionable TACAIR programs	449.9

ECONOMY BUDGET ID STRATEGIC FORCES

The FY1977 Pentagon budget requests for strategic forces includes numerous programs of questionable wisdom amounting to $3,051 million in unnecessary programs. These include:

Questionable strategic forces programs

[In millions]

	Savings
a. B–1 bomber program	$1,049
b. MX missile program	84
c. MK–12A warhead program	93
d. Trident submarine funding (suspended for study)	1,114
e. Sea-launched cruise missile (SLCM)	369
f. Minuteman III add-ons	261
Total questionable strategic spending	3,051

This critique of U.S. strategic forces programs is based on the fundamental assumption that the United States with its present strategic nuclear forces has a sufficiency of retaliatory power to deter any rational enemy into the foreseeable future.* There is no convincing justification for "goldplating" each leg of an already adequate strategic "triad" with such systems as the B–1 Bomber, the long-range sea-launched cruise missile, or additional Minuteman III missiles (beyond 550), or its follow-on, the MX missile. Moreover, the development of even more capable counterforce missile systems as represented by terminal MARV, the MX Missile program, and the MK12A warhead cause more problems than they solve. Building such U.S. weapons spurs Soviet reactions that could either lead to a greater chance of accidental war or costly new rounds in the strategic arms race. Counterforce weapons can put a hair trigger on nuclear war by forcing the Soviets to go to "launch-on-warning" status and/or by forcing them to go to more sea-launched missiles, mobile missiles, or to a renewed ABM program to counter U.S. counterforce threats. It is unlikely that such new Soviet programs would not spur still further U.S. strategic arms building efforts.

Moreover, the extensive testing of either MARV or of the strategic sea-launched cruise missile will likely lead to a multiplication of the number of nuclear weapons deployed in both the United States and the Soviet Union and to an inability to limit such new technologies through arms control agreements that can be verified with some certainty.

There is another questionable item in the FY 1977 Pentagon request for strategic forces. In a supplemental request $322.4 million dollars has been asked for 60 extra Minuteman III MIRVed warheads and for an early beginning for Mark 12A warhead production.

The $260.7 million for Minuteman IIIs and $56.3 million for MK12As are rationalized as "bargaining chips" at the SALT negotiations which are now deadlocked. But as one wise arms controller once noted, "finding a suitable "bargaining chip" is a fundamental problem. It is hard to think of an arms program that simultaneously is good enough to worry an opponent and bad enough for the military to be willing to give it up in negotiations."* Adding 60 more Minuteman IIIs may eventually require a raising of the MIRV limit tentatively agreed upon at Vladivostok.

Finally, the continued introduction of strategic weapons such as the B–1 bomber will cost enormous sums that could be better spent on the U.S. general purpose forces or could save the U.S. taxpayer money without decreasing U.S. national security.

Even the programs that make good sense, such as the deployment of the U.S. strategic deterrent aboard ballistic missile submarines can be done in a more expeditious manner. Trident is a good example. Trident I missiles deployed aboard many smaller submarines than the present Tridents would seem to make more sense. The long range Trident I missile will add some 15 times more ocean for strategic submarines to hide within and frustrate ASW efforts of aggressor states. Yet, these SLBMs ought to be deployed in as many submarines as possible within the limits of the Navy budget to make them even less vulnerable. For this reason it is logical to defer further spending on Trident submarines while going full ahead on Trident I missile development and the redesign of a smaller cheaper alternative to Trident submarines.

The longer range Trident I missile would allow U.S. submarines to operate closer to friendly shores and further from hostile ones. These areas can offer more defensive protection to our strategic submarines. High speed will be less needed in such submarines. Also, many of these submarines could utilize the less expensive conventional engines. Several might even be put into inland waters to guarantee their invulnerability from rival submarines. As much as half the cost of the Trident investment could be saved per ship by deploying Trident I missiles on slower conventionally powered strategic submarines. This option is particularly significant and should be considered since some in the Navy are asking for 30 Trident submarines rather than the original 10 that were first planned. Finding a cheaper alternative to Trident is a major requirement of a sound defense posture and the program should be temporarily suspended until the Navy produces such as an alternative.

All of this leads us to the conclusion that U.S. strategic forces spending in FY 1977 could be cut $3.051 billion with the savings either going into savings to the taxpayer or into stronger conventional forces for the United States.

OPTION 2: REINVESTMENT IN A MORE EFFICIENT FORCE

If U.S. decision-makers did not choose to save the taxpayers $8537.9 million while investing in a lean but adequate defense force for FY 1977, they might still delete programs of that magnitude that have been identified in this study and invest the savings back into more meaningful defense programs.

If a "fat into swords" approach were adopted (An "Efficiency" Budget), rather than a "fat into taxpayer savings" plan (An "Economy" Budget), then $8537.9 million could be diverted into such worthwhile programs as the following which make more military sense:

VSS mini-aircraft carriers, VSTOL aircraft R&D, attack submarines, TOW Anti-tank weapons, advanced surface effect ships, armored personnel carriers, NATO standardization costs, A–10s, more cargo aircraft, prepositioned supplies in NATO, new carrier alternatives study, improved ship maintenance, improved ship readiness, improved anti-tank weapons.

Satellite verification systems, command and control programs, precision-guide munitions, laser research, remotely-piloted vehicles, tank forces if cost-effective, F–18s, nuclear weapons security, NAVSTAR satellite R&D, Captor mines, new SSBN alternatives study, improved TACAIR maintenance, improved TACAIR readiness, improved anti-air weapons.

These kinds of investments make far more sense than the systems and programs marked out by this study as inadequate and questionable. They would be more cost effective and would yield more military clout for the defense dollar invested.

Care must be taken in all new defense investments that the new forces and weapons purchased are not going to be doomed to technological obsolescence in the "next war." Manned bombers such as the B–1 in an age of precision-guided anti-air weapons could well be a very poor investment.

The main battle tank in an era of cheap and accurate anti-tank weapons such as the TOW weapons now in the U.S. inventory may make huge investments in tank forces questionable. A $4000 rocket can destroy a half million dollar tank. $2 billion dollar aircraft carriers in an age of possible nuclear war at sea where every surface ship is totally vulnerable may well be questionable investments. Service traditions which emphasize the importance of the manned bomber, the battle tank, and the aircraft carrier as the major air, land, and sea weapons may be inappropriate in an age where new military technology makes each increasingly vulnerable. The revolution in precision guided high accuracy weapons makes force planning take new directions if the U.S. forces of the future are to keep pace with the implications of technological changes.

In addition to the problem of avoiding "doctrinal lag" in weapons purchases, the U.S. Department of Defense should avoid the excessive "goldplating" of weapons systems. There is a great need for DoD procurement policies that emphasize buying adequate numbers of new ships and aircraft and that de-emphasize the buying of goldplated systems. Exotic weapons such as the Nimitz class carrier, the Army Advanced Helicopter, the nuclear strike cruiser, and the very highest price aircraft take too great a share of the defense budget. The United States seems to be engaged in its own form of unilateral disarmament. Insistence on the most complex and expensive weapons irreversibly leads to lower force levels. The Pentagon has engaged in a replacement policy that has led to a harmful shrinkage in the U.S. general purpose forces.

Finally, the U.S. Department of Defense would come up with a far more efficient use

*The United States has 2400 strategic delivery vehicles capable of delivering nuclear strikes on 8900 separate targets with an explosive yield of over 300,000 Hiroshima-Equivalents. This does not count 22,000 tactical nuclear weapons in the U.S. arsenal, some in the Hiroshima range. 5000 of these strategic nuclear weapons are aboard relatively invulnerable ballistic missile submarines. The U.S. strategic strike-back force is considered capable of surviving any surprise attack and retaliating with totally unacceptable damage against any aggressor.

*Jack Ruina of MIT.

of its defense dollars if relatively more money was invested in improved U.S. ship and aircraft maintenance and readiness programs, and relatively less to new ship-building and aircraft-building, especially at the more expensive end of the high-low mix of ships and aircraft.

An "Efficiency" Defense Budget the same size of that currently requested, but designed with these principles in mind, would yield a far more potent and suitable U.S. defense force.

OPTION 3: MATCHING DEFENSE FORCES TO FOREIGN POLICIES

Adopting the EFFICENCY Defense Budget outlined in this study will not save money but will add additional defense muscle where it is needed most. Adopting the ECONOMY defense Budget outlined here would save $8,537.9 million and still provide an adequate and strong defense force.

Adopting a different foreign policy generates different kinds of defense forces to support it. We have examined the different kinds of TACAIR, seapower, and defense manpower forces needed for each of four foreign policy options:

(1) A Pax Americana Foreign Policy
(2) The Present Foreign Policy of the U.S.
(3) A Pacific Pullback/Europe-First Foreign Policy
(4) A General Retrenchment U.S. Foreign Policy

How much should be spent on defense to implement each of these? What kind of forces are needed for each?

PAX AMERICANA

This foreign policy would requi e a very strong and larger defense force. The U.S. Navy would be built to a level of 650 ships with as many as 25 aircraft carriers and matching escorts. The Navy would swell to 800,000 people and the Marines to 250,000. Naval forces would be assigned in strength to every ocean in the world. A Pax Americana military force would also maintain 30 active Army divisions, 5 active Marine divisions, 45 tactical Air Force wings, 25 Navy carrier wings, and 5 Marine aircorps wings. U.S. strategic force levels need not be changed significantly to support a foreign policy of Pax Americana since a massive U.S. strategic force to deter aggression is already in place. A Pax America military force would cost as much as twice what the U.S. now allocates to the Defense budget, an estimated dollar cost of roughly $220 billion per year with nearly 4 million persons in uniform and 2 million defense civilians working full time for DoD.

PRESENT POLICY: STATUS QUO

Present U.S. foreign policy commitments could be supported by a budget similar in dollar size to the U.S. Defense budget simply by adopting the administration program. Or a somewhat smaller defense budget with the suggested cuts laid out would give an economical but still impressive defense program to the country.

Present policy could be supported by an "economical" defense program costing $8,537.9 million less than the original FY 1977 Defense Department request. Still another legitimate defense posture used to support the present policy might be what would be termed an "efficient", if not economical, defense posture. In the efficient posture the $8,537.9 million saved from the "soft" programs would be plowed back into more reasonable defense programs such as PGMs, anti-tank weaponry, improved TACAIR programs, and greater readiness and maintenance programs.

PACIFIC PULLBACK/EUROPE FIRST

This kind of foreign policy would require a defense establishment consisting of a 400 ship Navy, an overseas force reduced in size by 90,000 consisting of withdrawals from Korea and scaledowns elsewhere over five years. Pacific bases would be withdrawn from Korea and a naval scaledown in the Far East would occur. Once completed such a policy would save $720 million annually in manpower costs and $7,400 million in Navy-Marine costs yearly. U.S. Naval forces would be centered around nine attack carriers at their core. Scaledowns in naval tactical airforces and tactical air units in the Western Pacific region would also allow annual cost savings of roughly $1,000 million per year once accomplished. European forces under this policy would remain similar to the present deployments. Overall this policy in fiscal terms would mean defense expenditures cuts of $9,120 million based on foreign policy changes alone. This, of course, could be combined with the "economy" cuts of $8,537.9 million described under the present foreign policy to produce an annual total savings of $17,657 million dollars in defense expenditures. Conversely, these resources could be diverted to building a stronger European force should that be necessary to maintain the military balance there under such a policy of "Europe First."

GENERAL RETRENCHMENT

A policy of general retrenchment would involve a major pullback of U.S. forces from both Europe and the Western Pacific. This policy would require far fewer forces than Pax Americana, the Status Quo, or Pacific Pullback Policies and would also require less of a defense budget investment. Under a general retrenchment policy the U.S. Navy would still retain 400 ships, nine attack aircraft carriers, and 342,000 Navy people as well as 126,000 Marines. This would represent 82 fewer ships than we now maintain and 40% fewer people. The Navy budget would thus be in the neighborhood of $28.5 billion in current dollars, down $8,900 million from the current Navy budget. Tactical airforces could also be confined to the United States or in token deployments abroad with 20 of the 42 TACAIR wings withdrawn and demobilized for a savings estimated at $12 billion in current dollars each year after such action was taken. Such a general retrenhcment policy would also permit a return and demobilization of 172,000 land-based troops from Europe and Asia at a cost savings of at least $2.0 billion per year once the transition costs have been paid. Strategic forces would remain at present levels for the purpose of deterrence of direct attacks on the United States.

Changing to a foreign policy of general retrenchment would thus require a significantly smaller defense establishment abroad. It would signal far less dependence on the military power and other advantages secured by tight alliances. The defense expenditures for such a policy would be $22.9 billion less than that needed to maintain the present foreign policy—this based solely on foreign policy changes. If the "economies" also identified in the present defense budget were taken an additional $8,537.9 million might be saved. Thus, a foreign policy of general retrenchment might lead to savings in excess of 31 billion dollars in defense expenditures.

SUMMARY

Overall, U.S. defense costs would vary in the following ways depending upon the foreign policy option elected and whether one adpoted an "Efficiency" or an "Economy" budget for the Department of Defense.

Fiscal year 1977 defense expenditures

Foreign policy adopted

1. Présent U.S. Policy.
2. Pax American Policy.
3. Pacific Pullback/Europe-First Policy.
4. General Retrenchment Policy.

Efficiency budget

1. $116.4 Billion ($114.2 + 2.2B in payroll added)
2. $220.0 Billion (rough estimate) (extra cost: $104 Billion).
3. $107.3 Billion (foreign policy cuts alone) (savings: $9.1 Billion).
4. $93.5 Billion (foreign policy cuts alone) (savings: $22.9 Billion).

Economy budget

1. $107.86 Billion ($8,537.9 million saved).
2. Not applicable (all kinds of forces purchased with hedges built into budget).
3. $98.8 Billion (foreign policy + economy cuts) (savings: $17.6 Billion).
4. $85.0 Billion (foreign policy + economy cuts) (savings: $31.4 Billion).

In conclusion, we allow the reader to draw his own conclusion as to the correct foreign policy for the United States and whether to elect the economy or efficiency versions of the Defense budget. It is also our firm conclusion that there should be no rubberstamping of the FY 1977 defense budget or of any automatic cost-of-living raise in military and DoD civilian pay for FY 1977. We conclude that even if the current U.S. foreign policy is adopted, either $8,537.9 million should be reinvested in programs that make more sense such as those identified in option 2 or $8,537.9 million should be saved the taxpayer or invested in other more useful government programs. Both the economy and the efficiency budget options make more sense than the proposed FY 1977 budget now before the Congress.

over $2 billion will do little more than maintain the existing gaps between the Soviet-United States strategic capabilities.

The strategic programs, as presented by the Department, must be continued and are essential to our national security.

I ask you to give these facts strong considerations, if or when an amendment to delete our counterforce programs is offered.

Before closing, I would like to spend a minute or two discussing the B–1 program. There are a number of misconceptions that should be cleared up before we launch into the general discussion on whether or not we should go ahead with the B–1.

Recently there has been a great deal of discussion about the supposedly more practical alternatives to the B–1. I would like to point out that we spent a great deal of time during the past three months looking at some of these so-called practical alternatives. I will be very direct about it—there are none. The Brookings Institute, as many of you know, has recently published a study relating to the need for the B–1 bomber. Several of my distinguished colleagues here today have done quite an extensive analysis of this study and conclude that it grossly misleads the American public. With all due respect to the authors, they overestimate the cost of the B–1 and severely underestimate the cost of their cruise missile alternatives. It is a bit puzzling to me that people are taken in by the results of this study. I would like to point out that the Brookings cruise missile alternative would cost as much as the B–1 unit flyaway cost and provide nowhere near the capability of the B–1. Let me add just one final point on the subject.

One Senator in a recent issue of the CONGRESSIONAL RECORD raises his "fundamental question" of "whether we want to divert so many arms dollars into a system which has such a minimal military role." My fundamental question is, does he really believe—do you people here today really believe—that the B–1 has a minimal military role? Ponder that question after I tell you that over half of our throw-weight today is carried by our strategic bombers.

Mr. Chairman, the R. & D. Subcommittee of the House Armed Services Committee started its review of this year's defense bill back in December 1975. As I stated earlier, we took testimony from just about everybody who expressed a concern over defense spending and could be scheduled to appear before our Committee. Some came in with pretty good arguments, others came in with arguments that were just down-right naive. The latter group told us, for example, how U.S. defense spending should not be gaged on what the Soviets are doing. This is extremely difficult for me to comprehend since I always thought that the Soviets are the major threat. I am sure that many of the arguments that were presented by these people will form a basis for some of the amendments offered here today. I urge you to consider any amendment in the face of the facts and not just a series of rhetorical statements.

I will ask you to ask yourself in every instance whether the proposed amendment, if adopted, will compromise in any way our ability to deter or to ensure our national security. Consider for example, whether it is wise to call a halt to our offensive strategic programs when it is a well-known fact that the Soviets are advancing virtually every conceivable aspect of their offensive strategic capabilities.

Mr. Chairman, I know that there are many demands being placed upon our economy and that a $10.4 billion expenditure for defense R. & D. is of grave concern, but I ask you to share with me today that awareness that defense R. & D. is one area where second best will not suffice. We no longer have the ability to concurrently wage a war and develop technology as we did during World War II. We must keep pace and that is why I ask your support for the R. & D. portion of this bill.

(Mr. DICKINSON asked and was given permission to revise and extend his remarks.)

Mr. PRICE. Mr. Chairman, I yield 10 minutes to the gentleman from Florida (Mr. BENNETT).

(Mr. BENNETT asked and was given permission to revise and extend his remarks.)

Mr. BENNETT. Mr. Chairman, sometimes in the activities of Government things have to be stated very bluntly, otherwise the country may suffer a severe danger or an unhealable wound. This is the circumstance of America today with regard to its national defense structure and particularly with regard to Navy ships.

There is an unquestioned need for more and better Navy ships if our country is to be adequately defended.

The Seapower Subcommittee, of which I am chairman, concluded hearings late in December of 1974 on the situation in the U.S. Navy. In them, the official statement of the Deputy Secretary of Defense, Hon. William P. Clements, is to be found at page 8 of the December 31, 1974, report, No. 93–831, HASC. The Deputy Secretary of Defense at that time outlined a program requesting 38 new major ships for the Navy in fiscal year 1977 and he said (page 10 of the report):

> We are not adequately planning or providing for the level of U.S. seapower that may be essential to this nation's security.

Adm. James Holloway, then and still CNO, said during those hearings that we should have at least 35 new ships a year if we were going to do what we should with regard to the national security of our country (page 12 of the report).

The Department of Defense came to Congress this year with a request not for 38, not for 35 new ships, but for only 16 new ships, and some of them rather insignificant new ships.

Faced with this situation, the Seapower Subcommittee, and the full House Armed Services Committee, brought forth an improved program, hopefully for your approval, which adds $2.241 billion in new ships over the Department of Defense official request. This sum is reduced by $1.153 billion for a net increase of $1.088 billion by reductions in funding that need not be done this year. They do not represent a subtraction from the actual add-on of $2.241 billion dollars of new ships.

For the House Armed Services Committee's proposal is that instead of just 16 new ships, there will be 22 new ships, including 20 brandnew ships and 2 conversions of a major nature. The House Armed Services Committee measure provides two TRIDENT submarines as against one; four nuclear attack submarines as against three; three strike cruisers, long lead items, as against one; one nuclear carrier, long lead items, as against starting this next year.

In addition, the House Armed Services Committee proposal provides for four destroyers (DD 963's); one oiler; one submarine tender; one destroyer tender; a conversion of the cruiser *Long Beach* to put the Aegis system on it, a new anti-air warfare system with far more protection for the fleet than now exists; and finally, a rebuilding of the cruiser *Belknap*, which was seriously injured in an accident, which restructuring will give it far more capability than it ever had before.

For the Trident submarine, the attack submarine, the strike cruiser and the aircraft carrier, the committee has stayed with nuclear power. This was a deliberate choice. There were many reasons.

First. With the cores which come with the ships now lasting about 15 years, the obvious advantage is that the ships do not need anv fuel oil logistics. They can go where they are needed, get the job done and return without having to worry about whether there is enough fuel left in reserve. When needed, they can steam at flank speed without having to slow down to conserve fuel or to wait for any accompanying oiler.

Second. With the unlimited endurance, the nuclear powered ships can be called upon for unexpected duties without having to stop to get refueled first. These duties can be humanitarian, as when the *Enterprise* went to help the island of Malagasy after it had been devastated by a heavy storm. The duties can be military, enabling the ships to respond to a new crisis without waiting for fuel or oilers. During operations, the nuclear powered ships can sail around a bad storm without concern about using too much fuel. They can continue pursuit of a nuclear powered submarine without having to break the trail and go to an oiler for refueling.

Third. The nuclear powered ships are dependable. Because of the care with which they are designed, built, and operated, and because of the extra attention which is paid to the recruiting, selection, training and supervision of crews for these ships, they have a record of dependability far beyond anything else in the fleet. To date not one nuclear powered ship has had to abort its mission because of the failure of its nuclear propulsion.

Fourth. The nucluear-powered ships are clean. Since these ships do not burn any fuel, there are no stack gases. Stack gases, particularly those heavy in sulfur, when combined with salt water can become extremely corrosive. This can affect

the ship, but more importantly it can affect the airplanes on the ship. Corrosion control is exercised with great care on the carriers powered by fuel oil. It is a time consuming, tedious chore, which is not as necessary on a nuclear-powered carrier.

Fifth. Nuclear-powered ships are more effective. During the studies made to determine the proper number of escorts for carriers, it was found that the usual six ship escort when conventionally powered could be replaced by four nuclear-powered ships, and achieve better protection. In part, this is due to the fact that the nuclear-powered ships have more extensive armament on them. In part, again, there is no need for nuclear-powered escorts to go off the screen to get fuel--and they can perform unexpected responsibilities, such as going out to find a plane which has been lost at sea, without having to stop to be refueled first.

Sixth. The United States imports over 40 percent of its crude oil now—and that rate is rising by 4 to 5 percent a year. We are already heavily dependent upon other countries for our oil. This dependence is unacceptable for our military ships. During the Middle East crisis our oil from foreign nations was suddenly cut off, leaving our fighting ships in far waters in precarious conditions. We cannot have our strike forces in our Navy ever caught in that situation again. Nuclear fuel is plentiful here and in nearby friendly countries. Cores can be fabricated in advance and stored until needed. If, as many believe our own oil will run out by the year 2000, we must have a Navy we can still rely on. Nuclear power is the only alternative.

Seventh. Nuclear power saves lives. Without the necessity of slowing down to accommodate an oiler, there is less occasion for a nuclear-powered ship to become a target for submarine attack. Without the need for refueling, that very dangerous practice can be minimized. It is not easy to steam alongside an oiler and manage the oil lines. That hazardous activity can be minimized. Nuclear power enhances the ability of the Navy to get to trouble, handle it successfully and leave, and that is what the Navy is all about. We often hear that nuclear power is too expensive, but that is just not so. The President has just proposed a mixed program of eight conventionally powered ships plus two nuclear-powered ships, with an alternative for seven nuclear-powered ships.

The committee looked at the pricing of the first nuclear and first non-nuclear-powered ships. When the non-nuclear ships were given the same military characteristics as the nuclear ship, and when the price of buying, storing and delivering 3,000,000 barrels of oil—equivalent energy of the 15-year-life cores purchased in the price of the nuclear ships—were considered the nuclear ship was only $122 million more expensive, out of a total cost of $1.4 billion.

The Navy has just figured the price a different way. On the basis of the life time cycle costs of a task force, the all nuclear task force with equal capability but fewer ships, costs 2 percent less than the non-nuclear task force. This is the first time this has been shown. If the nuclear task force is enlarged to include more equal numbers of ships, the over all cost only rises to 4 percent of the lifetime costs. These differences lead us to want the nuclear-powered Navy.

All of these reasons led the Seapower Subcommittee and the Armed Services Committee to continue its reliance on nuclear power—and it found its reasons even more important today than in the past. By these actions, the committee believes that the Navy now will have the capability for "prompt and sustained combat."

To emphasize the situation, the President had requested a $32.7 billion procurement bill, and the committee authorized a $33.4 billion procurement bill, nearly a $700 million increase. This is the first time in years that the committee has recommended more than the President's request. This action reflects the committee's deep conviction about Soviet strategic and naval weapons building and the necessity for our country to do something about it. The House Seapower Subcommittee unanimously approved the increases in the ship-building budget and then the full Armed Services Committee endorsed the recommendation by an overwhelming margin.

Unfortunately, many of the committee's recommendations for our national defense would face a rough road if Congress were not willing to look at the actual facts, listen to this debate and act from the best interests of the country, regardless of any pressures to the contrary.

There are reasons given by people in the public for not adequately defending our country. Some people simply do not believe that the Russians are overtaking us and endangering our freedom. Any detailed study, and there have been many made lately, should convince the doubters that we are in fact falling behind. Secretary of Defense Rumsfeld said on March 29, 1976:

> Over the past 10 to 15 years, the United States has moved from (a military position of) superiority to one of rough equivalency. If the trend continues, we could move out of this position of rough equivalency. We're not No. 1 if you look at basic military capacity.

Then there are some that say that more defense dollars should be shifted to social programs. The trouble with this attitude is that social improvements cannot be achieved or maintained when the country is endangered militarily.

Some say that they want to protest waste in the Pentagon and think the best way to do this is to lop off funds at random from defense programs. While I favor cutting every ounce of fat out of the Pentagon's budget, I do not favor unduly severe cuts in the vital defense programs. At present, defense programs are carefully scrutinized by both the Congress and a number of executive agencies. I wish I could be assured that social and welfare programs receive the same sort of scrutiny.

The public also includes a few unilateral disarmament "freaks," too. Anyone who takes this point of view should be questioned both as to his sanity and as to his realism. There are certainly not very many people in the United States who feel that unilaterally drawing down our arms or unilaterally retaining the status quo in our arms situation is a wise procedure. Today, despotic nations, dedicated to the overthrow of free governments throughout the world, are arming to the teeth. Unilateral disarmament by us would be suicidal. Mutual disarmament is another matter indeed and I am proud that I had a substantial part to play in bringing about the creation of the Arms Control Agency, which is active in research and presentations in that field. Unilateral disarmament, on the other hand, is utter idiocy.

Not only did the extensive hearings of the Seapower Committee bring information to the Congress and to the country that we need to rebuild our Navy at the rate of about 35 ships a year, but new information has come in since that time which underlines this necessity. In bringing forth a new book entitled, "The Soviet Navy Today," Capt. John Moore, a former Deputy Chief of British Naval Intelligence and editor of the authoritative Janes Fighting Ships said this year:

> The Soviet Navy is the most potent in fire power of any fleet that ever existed. American seamanship is almost certainly better but Russia can menace all sea lanes of the world and can do so all the more easily if she were to gain bases in Angola.

So the Chief of Naval Operations this year brought to our committee his personal judgment in a program of a classified amount, a larger sum than the House Armed Services Committee subcommittee allowed. This was after he testified to the full Armed Services Committee that—

> In the broadest sense, for the foreseeable future, we believe that the U.S. Navy will be able to control any ocean or major connecting sea *unless directly opposed by the Soviet Navy.* (Emphasis added.)

All of this is in the face of an official request by the Department of Defense for only 16 ships, many of them very inadequate ships. To the contrary, your House Armed Services Committee is offering you a program of 22 ships, not the 35 that was suggested earlier, but much more than the 16 requested this year. These ships that the House Armed Services Committee is asking you to provide are better ships than the ships in the request officially made. They are ships which the Department of Defense and the Navy desire to build, but just put in an earlier timeframe. We urge that under the present circumstances, we should go forward with a program that will be understood both here and abroad, to bring the U.S. Navy back to the position of being able to maintain the security of our country in a credible manner.

I know that it will be urged that the Department of Defense has recommended as a minimum prudent risk, a shipbuilding program of only 16 ships for the year. This in the face of speeches made by people high in the administration, including the President, to the effect that they are not satisfied, and that this need for a new ship program depends on prompt action. That is one of the reasons why the Seapower Subcommittee came to grips with this matter in such deep detail and has brought to you the program which we have before you today.

We should not, we cannot, wait for bureaucratic reports and we have the sincere and factual testimony from the highest level within the Defense Department which we feel requires what we are recommending in this bill. Your enthusiastic support is solicited.

I have not spoken of the total number of ships that the Navy should have. In 1970, Adm. Thomas Moorer, then Chief of Naval Operations, told the Seapower Subcommittee that there should be about 800 ships in the fleet at 1980. After that, Adm. Elmo Zumwalt, when he was Chief of Naval Operations, said that there should be about 770 ships in the fleet about 1980. Deputy Secretary of Defense Clements recall these testimonies in his statement to our subcommittee in December of 1974 when he added that the then current Joint Chiefs of Staff estimate called for an 800-ship Navy to support our current national defense strategy. The President, Secretary of Defense Donald Rumsfeld, Secretary of the Navy William Middendorf, and the Chief of Naval Operations James Holloway, have all recently indicated that we are heading for too small a fleet.

The ships that the Seapower Subcommittee has advanced to the fiscal year 1977 budget are primarily the powerful heavy hitting ships. We believe, as Admiral Moorer testified in 1971:

> I have always felt it is better in peacetime to build the more complex combat systems. . . . Therefore, it would be better in peacetime to build those systems which require the most time to build.

This is especially why we increased the long leadtime items for two more nuclear-powered strike cruisers which will be the most powerful surface combat ship in any navy except for the carrier. This is why we advanced the long leadtime items for the next *Nimitz* class aircraft carrier. This is why we restored the Trident construction schedule to its former schedule. This is why we added a fourth nuclear-powered attack submarine.

We wanted to be sure that these ships, our most powerful ones, which would remain in the fleet well into the next century would not be dependent upon oil for their operation—especially since there are already forecasts that the United States will run out of crude oil of its own by the year 2,000. We cannot forget the lesson of the Middle East crisis when our overseas fuel oil supplies were denied to our fleet. This position is especially important when it is remembered that our Navy has a "forward strategy" requiring it to operate off of other continents—whereas the Soviet Navy merely has to operate around close by land areas—although it has in fact enlarged its operations worldwide.

We have included in our program some of the cheaper ships. We have kept in four patrol frigates—FFG-7's, until we can study their situation further for a year. We have included four DD 963's, in the program since they are more redundant and capable than the FFG's. There is considerable sentiment among the subcommittee members that the United States should concentrate on building the larger, more expensive ships, while our allies should build the ships for antisubmarine warfare and convoy duty. This position makes a lot of sense.

The important point to remember is that our Navy has been allowed to slip to a precarious state. If we are to remain a free nation celebrating yet more than our 200th year of freedom, we must have a Navy second to none. No one has denied that it will cost money. The Navy is badly in need of new ships. Let us get on with the business of rebuilding the Navy immediately, and take the expense out of other domestic programs or assess the necessary taxes to provide for our security as well as our domestic desires.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from Virginia (Mr. ROBERT W. DANIEL, JR.).

Mr. ROBERT W. DANIEL, JR. I thank the gentleman for yielding.

Mr. Chairman, I serve on the subcommittee chaired by the gentleman from Florida (Mr. BENNETT). I think our work this year in revising upward the building aims of the Navy was good work. I would like to express publicly my admiration for my chairman for his leadership in this undertaking.

Mr. BENNETT. Mr. Chairman, I thank the gentleman very much for his remarks.

I want to thank him and all of the members of my subcommittee for their hard work on this legislation. Never since I have been in Congress have we had the constant attention that we have had this year on the Subcommittee on Seapower. In fact, no member ever missed very many sessions. That is very unlike what we have had in previous years. There were times in previous years when I was sitting there alone. But this year all of the members did an excellent job in attending and took part in writing up the bill, particularly the gentleman from Virginia.

I want now to pay a compliment to the gentleman from Georgia (Mr. MCDONALD), who will also make some remarks following mine.

Mr. McDONALD of Georgia. Mr. Chairman, it is essential that all Members of Congress fully understand the significance to the future of the U.S. Navy of action concerning the shipbuilding program recommended by the Armed Services Committee in the bill now before us. I fully support the entire shipbuilding program recommended by the committee, but I want to stress one particular aspect. This bill marks a turning point in the changeover from oil-fired propulsion to nuclear propulsion for our new construction major surface warships.

The 1975 Department of Defense Appropriation Authorization Act, Public Law 93-365, established by law:

> The policy of the United States of America to modernize the strike forces of the United States Navy by the construction of nuclear powered major combatant vessels. . . .

That is the policy we need and the Armed Services Committee recommendations on the fiscal year 1977 program are consistent with that policy. The increasing dependence of the United States on foreign sources of oil, and the rapidly expanding Soviet naval threat, make it obvious that our first line naval strike forces must be given nuclear propulsion in order to free them from complete dependence on a highly vulnerable oil supply line.

The major issue this year is whether the ships to be provided the Navy's new Aegis fleet air defense system will be nuclear powered. The Department of Defense proposes that over the next 5 years we build eight non-nuclear ships and only two nuclear ships with Aegis. This is ridiculous.

The Aegis air defense system is being built for use in the areas of highest air threat. Now I ask you: How in the world can we expect tankers and oilers to survive in the areas of highest threat? And if they do not, what good will the conventional Aegis ships be? We are building nuclear-powered aircraft carriers in order to free them from the propulsion fuel umbilical cord in areas of high threat. What sense would it make to build conventional Aegis ships to provide for their air defense?

The Office of Management and Budget pontificates that we should build only two nuclear strike cruisers because they cost more than the conventional ships. They say that on the average the nuclear strike cruisers will cost twice as much as the conventional ships, and that on a life cycle basis the nuclear strike cruisers will cost two-thirds more per ship. But they fail to point out that the antisurface missile systems on the nuclear strike cruiser can cover 25 times the area covered by the antisurface missiles on the conventional ship, and that the 8-inch gun on the nuclear-strike cruiser can cover about 9 times the area covered by the 5-inch guns on the conventional ship. They fail to point out that the nuclear-strike cruiser is far less vulnerable, since it has over 1,000 tons of fragmentation armor and other improved passive defense features designed into the ship that are not included in the conventional ship. The nuclear-strike cruiser is not only nuclear powered, with reactor cores which will provide for 15 years of operation, but it has far superior military characteristics other than nuclear propulsion.

After very careful consideration of all the facts, the committee concluded that all the Aegis ships built for the strike forces should be nuclear powered. I concur with that conclusion. It is time that the analysts in the Department of Defense and Office of Management and Budget faced up to reality as to the need for nuclear-powered warships for our first line naval strike forces.

The committee recognizes the urgent need to get the Aegis fleet air defense system into the fleet as soon as possible, and therefore has recommended that the present nuclear cruiser *Long Beach* be converted into an Aegis-equipped nuclear strike cruiser as soon as possible; $371 million is included in the committee's recommendations for this year in order to get started on this.

In order to get started on a continuing program of nuclear-strike cruisers, the committee increased the advance pro-

curement funds authorized for this class of ships from the $170 million requested to the $302 million identified in the President's alternative all-nuclear Aegis ship program.

I strongly endorse these proposed actions on Aegis ships.

The Department of Defense proposes to build two nuclear-powered aircraft carriers over the next 5 years. However, they have deferred advance procurement funds for the first carrier, the CVN–71, from fiscal year 1977 to fiscal year 1978. The committee learned that this delay would increase the cost of the ship a minimum of $178 million, delay the ship at least a year, and possibly jeopardize the industrial base for building the ship and its major components. If we are going to build additional *Nimitz* class aircraft carriers, and I personally think we must, then it would be absurd to force the taxpayers to absorb the unnecessary increase in cost that would be caused by delay. Therefore, I strongly endorse the committee's recommendation that $350 million be provided in fiscal year 1977 for advance procurement of the nuclear propulsion plant components to keep the carrier on its original schedule. Even with this funding, there will be a 4-year gap between the delivery of the *Carl Vinson*, CVN–70, now under construction, and the next nuclear carrier, CVN–71.

I believe that anyone who studies the committee's hearing record will come to the same conclusion on these matters the committee has. The only argument the Defense Department makes against nuclear power for surface warships is that they are "too expensive." The argument can be made that all new weapons are too expensive when the costs are compared to the obsolete weapons they replace. Apparently when the Department of Defense decides it wants something, expense is not the criterion. When Congress wants it, it becomes too expensive.

Aside from the statements about expense, no other reasoned or technical judgment has ever been given by the Department of Defense to justify its stand against nuclear surface warships. They simply fail to address the issue of the vulnerability of our propulsion fuel supply lines upon which the nonnuclear ships are totally dependent. Those who do recommend nuclear powered ships give reasoned arguments—arguments which have never been specifically rebutted. In this regard I would like to call the attention of every Member of this House to Admiral Rickover's statement concerning nuclear warships which Senator PASTORE introduced in the CONGRESSIONAL RECORD on April 5, 1976, starting on page S4904. That statement summarizes the entire issue and presents the facts.

The impression given to the public is that the Defense Department has reached its conclusion against nuclear warships based on scientific analysis. Despite the many specific requests to the Department made by the committee, they have not presented to the Congress a scientific analysis supporting their position. We must therefore conclude that their position will not stand the test of objective scrutiny.

Based on detailed study and appraisal of the military effectiveness and the cost of nuclear powered and conventional warships, and careful consideration of experience of naval forces in combat, a former Chief of Naval Operations, Adm. David L. McDonald—a fellow Georgian and, I am proud to say, a distant relative—stated:

> The endurance, tactical flexibility, and greater freedom from logistic support of nuclear warships will give the United States an unequaled naval striking force. Our new warships, which the Navy will be operating into the 21st Century, should be provided with the most modern propulsion plants available. To do less is to degrade effectiveness with grave implications for national security.

The determination of overall force levels and the precise number of ships to be built in the next several years will no doubt be the subject of continuing debate. However, with the problem of declining size of the U.S. Navy, and the rapidly expanding Soviet naval threat staring us in the face; and the exemplary performance of the two nuclear carriers and the five nuclear cruisers now in the fleet; and the increasing dependence of our Nation on a tenuous supply of foreign oil—it is clear that construction of the nuclear ships for which funds are provided in this bill is a minimum requirement. We should proceed forthwith without delay. Under no circumstances should we hold up while more studies are made.

The determination by Congress to insist that nuclear propulsion be provided for major combatants built for our naval strike forces will go far toward determining the strength and flexibility of U.S. seapower for decades to come. I urge all my colleagues to support it. Our survival may ultimately depend on it.

Mr. BOB WILSON. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina (Mr. SPENCE).

(Mr. SPENCE asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, as a member of the Armed Services Committee, I have long held a special interest in, and concern for, the security of our Nation. As ranking member of the Seapower Subcommittee, a good portion of my interest and concern is directed to the status of our fleet.

In these committee capacities, I have had the occasion to participate in one of the most thorough examinations of our Navy that has been attempted in Congress for many years. Under the able chairmanship of the gentleman from Florida (Mr. BENNETT) we conducted 5 days of hearings on naval readiness, and the general conditions of the fleet. Twelve more days of hearings were organized to study the fiscal year 1977 shipbuilding program.

In addition to the subcommittee hearings, the full Armed Services Committee under the leadership of chairman PRICE studied the Navy very carefully. The full committee schedule included 10 days of hearings on overall defense programs, and a few additional days were taken to concentrate on the posture of the Navy.

What we learned in the course of this extensive study caused us great concern, Mr. Chairman, and it is our purpose today to convey this concern to our colleagues.

If the people of the United States were to discover that their representatives in Congress were unilaterally disarming this Nation in the face of growing enemy power, I believe that they would revolt—if not in the streets, certainly at the polls this fall. Yet, so far as our naval forces are concerned at least, that is exactly what Congress has allowed to happen since 1968. Everything that we heard in committee indicates this dangerous trend, and a recent Library of Congress study confirms it.

For example, consider the following statistics:

In 1968, we had 975 ships in the active fleet.

At the end of fiscal year 1974, there were 511 ships.

At the end of fiscal year 1975, 496 ships.

By the end of this fiscal year, our fleet will be comprised of only 487 ships of all types.

If this trend continues, we will clearly be down to less than 400 ships by 1985; meanwhile, our enemies are putting great emphasis on their own naval strength, undergoing a building program of unprecedented proportions.

The committee report details further disturbing facts and figures. For example, my colleagues should especially note the lack of sufficient numbers of modern surface combatants capable of standing off the Soviet fleet in areas where our interests are greatest.

It is not my purpose to convince you that our Navy is a hopeless "basket case." It is not. But our Navy is seriously ailing when compared with that of the Soviet Union, and it is badly in need of a transfusion. It is the opinion of your committee that the shipbuilding program which we are recommending for fiscal year 1977 will provide this new blood—the vital first step needed to rebuild our Navy.

Since the process of deterioration has taken place over a number of years, we obviously cannot reverse that process in a single year. For this reason, our program is not the final answer. It is not a "get well" program. At the same time, we want to emphasize that it is much better than the proposal which was first presented to the committee. It represents our best judgment, after many days of study and consideration, of what the Congress should adopt this year.

Generally, the committee program is aimed at increasing the number of ships, which we must do, while assuring that the Navy of the future will have greatly improved offensive and defensive capabilities. It is important to note, however, that the bill before us now would not improve the Navy's readiness until the 1980's. For example, even the two Fleet Oilers which we are seeking will not be delivered to the Navy until 1981; and it will be 1984 before the replacement carrier will join the fleet.

Also, I want to point out that the ships which we recommend this year represent a long-term investment. They will be on

the oceans of the world, defending our country's interests, for 35 to 40 years after they are delivered—long after the last tank and aircraft authorized by this bill will have been cut up for scrap.

So, what we do today affects not only the security of our constituents and their children, but also that of their children's children. For this reason especially, Mr. Chairman, I am dismayed by the shallowness of the arguments being made with respect to the future of our Navy.

Some of the proposals, which amount to unilateral disarmament in relative terms, are made by those who have no access to the facts which are available to Members of Congress. These can be excused as being naive. The dangerous arguments, however, are those which are made by individuals who are in a position to know better—often for some imagined political gain.

For example, there is the theory which holds that the Navy can handle its global responsibilities with greater numbers of smaller, cheaper craft. These people argue that carriers, air defense vessels, and other capital ships are only "targets" anyway, and have no value in our Navy. They would build enough "small cheap ships" that we could lose many of them in a confrontation with the Soviet Union, and still have some left. I call this the "disposable Navy theory."

Another approach is to build no new ships at all—that we just repair the ships that we now have. This can be appropriately referred to as the "vanishing Navy theory."

As my knowledgeable colleagues know well, these simplistic arguments ignore the basic and critical missions of the U.S. Navy. These are:

The ability to operate successfully against potential enemies while far from home waters, and to do so without land bases if necessary.

The ability of the ships of the fleet to reinforce, support, and protect each other, while together they accomplish the goal assigned to the entire force.

They also ignore the realities of the Soviet threat, as it now exists, and will exist in the future. Without balanced countering forces, Soviet submarine, surface, and naval air forces will be able to convert the Atlantic and Pacific into high threat areas where small unsophisticated ships cannot survive.

Furthermore, the adoption of a long-range naval policy dependent upon small, incapable ships,would compel the adoption of a "Fortress America" policy. In such a case, our commerce with other nations over the sea lanes would be at the sufferance of the Soviets.

In short, capitulation to either of these theories would be, over the long run, a sure route to naval suicide.

I do not believe that the people of this country want a Navy which is second only to the Russians. I do not believe that the people want a Navy which has achieved rough parity with the Russians. I believe that our constituents want nothing less than unquestioned American superiority the next time that our Navy must confront the Russians at sea.

Mr. Chairman, as I suggested earlier, the fiscal year1977 shipbuilding program recommended by our committee is not the program submitted in the President's budget. We were dissatisfied with the adequacy of the program as submitted. I understand the administration has doubts, also, It was therefore incumbent upon us to present an authorization which fulfills our constitutional responsibilities.

The Constitution of the United States assigns to the Congress alone, the author and responsibility for the status of our Navy. In article I, section 8, we are clearly mandated "to provide and maintain a Navy." We interpret that responsibility to mean the maintenance of a Navy which can effectively support our foreign policy, protect our commerce, and maintain open sea lanes. It is our responsibility and ours alone. It is a grave responsibility, and one for which the price of failure is the loss of all we hold dear.

Thus, our bill adds $2.2 billion in real shipbuilding program value, which represents an increase of $1.1 billion in the amount requested. As our report explains, the advancement of ships from later in the DOD 5-year shipbuilding plan, will result in cost reductions totaling $547 million by avoiding future inflation. Also, we recommend 4 new ships and 2 ship conversions in addition to the 16-ship program presented to us.

Most importantly, the committee did not merely acquiesce in the types of ships requested. Instead, we have restructured the program with the result that more ships with greater firepower, range, and antisubmarine warfare capability will be provided.

So, Mr. Chairman, in arriving at the fiscal 1977 shipbuilding program, your committee was very mindful of its duty under this Constitution. In altering the President's proposal, we are properly exercising one of the key powers granted us by those who framed our form of government. Under our system, the President is Commander in Chief of the military, but only Congress can raise and maintain armed forces. The President can seek war, but only Congress can declare it. It is a carefully crafted system which prevents unchecked military power from being joined in one person.

The Congesss shall have the power . . . to provide and maintain a Navy.

Mr. Chairman, the power is ours alone, and the duty is ours alone. Only we can provide a strong national defense. We cannot shift the responsibility—or the blame.

So let this be the year when we send a message to the Kremlin, and to those we represent back home. The Congress of the United States recognizes a dangerous trend, but we will turn it around. We will build and maintain a Navy which is representative of America; second to none in the world. Let that message begin here, in the people's House, with an overwhelming vote for this bill.

Mr. PRICE. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. NEDZI).

(Mr. NEDZI asked and was given permission to revise and extend his remarks.)

Mr. NEDZI. Mr. Chairman, titles III through VI of H.R. 12438 respectively deal with active duty, reserve, and civilian personnel strengths in the Department of Defense, as well as the military student training loads for fiscal year 1977.

Although there are some minor adjustments in the other titles, the major changes recommended by the committee to the Department of Defense's request appear in title IV affecting the average strength of the Naval Reserve, and in title V in the authorized end strength for civilian personnel.

In title III, the committee recommends end strengths for active forces as follows:

Army	790,000
Navy	544,904
Marine Corps	196,000
Air Force	571,000

The total of 2,102,000 active duty personnel is approximately 4,000 less than were authorized last year.

With the exception of the Navy, these strengths are those requested by the Department of Defense. The committee's recommendation for the Navy is 904 higher than the requested figure. This minor increase results directly from the committee's recommendation to increase the Naval Reserve. This number represents necessary active duty personnel utilized in support of Naval Reserve training who were not included in the request because of the proposed major reductions in Naval Reserve strength.

Within these totals are a variety of program actions which will provide a leaner, more capable military force in fiscal year 1977.

In the overall composition of the force, the number of officers as compared to enlisted personnel will decrease. A more obscure—but nonetheless important—improvement will occur as the number of personnel who are in a student, transient, patient, or prisoner status are decreased. Personnel of this character are a necessary fact of life in any organization of this size; however, by their very nature these individuals are in an unproductive capacity. In fiscal year 1977, through a series of management actions, the number of personnel in these categories at any one time will be reduced by more than 13,000.

The Army will complete its 16-division force in 1977 as two active brigades are activated. The Army has converted 16,000 personnel assigned to support functions for use with the new brigades and to improve the manning of existing combat structure. With these adjustments, the Army's combat-to-support ratio in fiscal year 1977 will be 54/46 as compared to a ratio of 41/59 in 1972.

Another action of importance for fiscal year 1977 will be the deployment of an adidtional combat brigade to Europe. Two years ago, in the defense authorization bill, the Congress told the Department of Defense to provide more combat capability for our forces in Europe, and accomplish it by removing excess support personnel. The deployment of this brigade is one response to that guidance and will be accomplished with no increase in our troop strength overseas.

The Navy will increase in authorized

strength by 12,000 in fiscal year 1977. This increase results from a net increase of nine ships in commission and an increased manning in current ships. Although there is an aggregate increase in personnel, there were also actions taken reducing the number of personnel in support positions.

The Air Force active duty strength shrinks by approximately 16,000 in fiscal year 1977. The majority of these reductions result from support efficiencies. At the same time, the Air Force will activate an F-5F fighter training squadron and increase the crew ratios in fighter squadrons.

Title IV authorizes average strength floors for the Selected Reserve of each of the Reserve components. The committee recommendations are:

Army National Guard	390,000
Army Reserve	215,700
Naval Reserve	102,000
Marine Corps Reserve	33,500
Air National Guard	93,300
Air Force Reserve	52,000
Coast Guard Reserve	11,700

With one exception, these are the strengths requested by the Department of Defense in fiscal year 1977 by the administration.

The strength requested for the Naval Reserve in fiscal year 1977 by the administration was 52,000. That compares to the 106,000 strength authorized and the 102,000 strength funded last year. The committee examined the basis for this request in some detail and found it unconvincing at best. The Navy has recently completed a comprehensive study of its Selected Reserve which, for the first time I can remember, begins to make sense in terms of actual requirements. This study indicates a requirement for a Selected Reserve strength of 102,000 and our testimony indicates that the officials responsible for manpower requirements in the Department of Defense support the validity of this study.

Title V establishes an end strength for civilian personnel in the Department of Defense. The strength recommended by the committee—1,040,981—is a ceiling for the Department of Defense as a whole and allows the Secretary of Defense to allocate these numbers among the services. The administration request was for an authorization of 1,035,800 which was 28,600 lower than was authorized last year. The committee's recommendation increases the request by 5,181 in two separate actions. One hundred and eighty-one of this increase results from the action with respect to the Naval Reserve and is attributable to civilian positions necessary for the training of reservists restored by the committee recommendation. The remaining 5,000 of this increase is recommended specifically for the Air Force. The Air Force has borne the brunt for the Department of Defense of personnel reductions in recent years. The committee was concerned that these reductions have adversely affected aircraft maintenance and supply activities. The increase is an attempt to offset these potential deficiencies.

As a matter of note, the committee was presented with substantial evidence of a serious amount of grade creep among civilian personnel in the Department of Defense. We will watch this carefully and have put the Department on notice that a solution to this problem must be forthcoming.

Title VI establishes the military training student loads for fiscal year 1977. These loads, which are in the bill before you, are as follows:

Army	81,429
Navy	66,914
Marine Corps	25,501
Air Force	49,610
Army National Guard	12,804
Army Reserve	7,023
Naval Reserve	1,257
Marine Corps	3,562
Air National Guard	2,232
Air Force Reserve	1,107

Mr. Chairman, the committee spent a great deal of time examining in detail the manpower program for the Department of Defense in fiscal year 1977. While I have made some attempt to outline some of the highlights, which the committee report amplifies, I think it might be beneficial to give you my personal impression of the program. For more than 13 years, I have been subjected to each of the DOD presentations on manpower requirements. They are not the stuff of which novels are written. However, for the first time, in the last few years, it now appears that management has a firm control of the system and is making sense of the entire structure. I will not suggest that this proposal represents optimal productivity within the structure, but an effective effort is being made and, under the circumstances, I believe it is in the Nation's best interest to support this program and the efficiencies it promises for the future.

Mr. PRICE. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. CHARLES H. WILSON).

(Mr. CHARLES H. WILSON of California asked and was given permission to revise and extend his remarks.)

Mr. CHARLES H. WILSON of California. Mr. Chairman, fiscal year 1977 is the year for the decision of the B-1 manned strategic bomber. We will be making a decision within the next day or two that will have a tremendous effect on our national security throughout the remainder of this 20th century.

I would be naive if I did not think that there is opposition to this program. I would be even more naive if I did not know that a great deal of the opposition to the B-1 is based on misconceptions and misinformation. I believe that all of us here today are entitled to have the facts about the B-1.

Let us set aside the question of the B-1 for a moment and address the continued need for a strategic bomber. There are, as you know, three legs to our Triad. The ICBM and submarine legs have both their advantages and inherent deficiencies. The Soviet improved accuracy programs, for example, will make our ICBM silos vulnerable during the early 1980 time frame.

The strategic bomber complements the other two legs of the Triad and provides this country with the flexible response that is required to insure our national security. Today over half our megatonnage is carried by our strategic bomber force. For those of you who question the need for a strategic bomber, I ask you not to lose sight of the fact that during the past decade, the Soviets have forged ahead with the development and deployment of their Backfire bomber.

The need for a manned strategic bomber should be readily apparent to each and every one of us today. Even the most vociferous critics of the B-1 recognize the need for a strategic bomber. The highly publicized Brookings Institute study opposes the B-1, yet, recognizes and acknowledges the importance of the strategic bomber in the first sentence, of the first chapter, of the publication.

The point of departure relates to which bomber we carry into the 1980 and 1990 time frame. Some people advocate the continued use or modernization of the B-52. Others contend that a stretched version of the FB-111 would satisfy our bomber needs throughout the course of this century.

To me the need for the B-1 is as readily apparent as the need for a strategic bomber. The B-1 is the most effective weapon system from both the cost and performance points of view based on the known 1980 threat and scenario.

I am not alone in this contention. The GAO—perhaps the biggest critic of the Department of Defense—concluded in their B-1 study of last year that this aircraft is the most cost effective weapon system to meet the threat postulated by the intelligence community and the Department of Defense.

I would like to summarize here today the reasons why this is the case. Let me take the alternatives one by one.

First, the B-52 as it is currently configured. This strategic bomber has served us in an exemplary manner. It has been a very capable weapon system that became the conventional workhorse of the Vietnamese conflict. By 1980, most of our B-52's will be 20 or more years old. They have all the characteristics of 20-year-old technology. They cannot fly as low or as fast as the B-1. They do not have the electronic countermeasures (ECM) capability of the B-1. Their radar cross-sectional area is much larger than the B-1—all of which make the B-52 easier for the Soviet air defense radars to detect and neutralize.

Now, it goes without saying that we can modify the B-52's to enhance their operational effectiveness. You can re-engine them—you can add more capable ECM equipment—you can re-wing them—all of which would cost about $45 million a copy. With this investment, you would still have a 20-year-old bomber that would be difficult to hide from the Soviet air defense radars and would not have penetration capability of the B-1.

Let me turn next to the FB-111. Yes, it is true that a stretched variant of the FB-111 would cost only about one-third as much as the B-1. But considering equivalent performance—

You would need three FB-111's to do the job of one B-1;

The range of these FB-111's would

enable us to hit only 10 percent of the target objectives if refueled in Newfoundland; none, if unrefueled. By comparison, the B–1 could hit 50 percent of our target objectives unrefueled and naturally, 100 percent of them if they are refueled;

The tanker fleet to support the 600 to 700 FB–111's would have to be doubled and that means increasing the whole support facility and the pilot training program; and

The FB–111 force would require about 2,000 crewmembers—and an additional 1,000 crewmembers for the extra tankers.

Finally, while the FB–111 would cost only one-third of the unit cost of the B–1, the operational and support costs would be significantly higher for much less capability.

Earlier I referred to the Brookings Institute study that opposes the procurement of the B–1. I will not go into extensive detail on this study since you will be hearing more about it from some of my colleagues here today and tomorrow. The authors of the Brookings study propose the use of cruise missiles in lieu of the B–1.

Simply stated, cruise missiles cannot do the job of the strategic bomber. Cruise missiles have inherent deficiencies that we have been aware of since their inception. They do not have much in the way of either maneuvering or ECM capability. They fly slowly and do not have the range necessary to attack and penetrate many of our target objectives. Cruise missiles have their place in the U.S. inventory. Their place is to complement—rather than compete—with the B–1.

The authors of the Brookings study pass off lightly the fact that it would be quite expensive to develop and deploy a capable cruise missile system. They propose, for example, the Boeing 747 commercial aircraft as a cruise missile platform. Today's price of a 747 exceeds $35 million per aircraft. Excluded from this price are military specification hardware, avionics, launching systems, among other subsystems. When all of these factors are added together, the cost of a proposed cruise missile carrier would easily exceed $65 million per system.

In comparison to the present estimate of $72 million for the B–1—in escalated dollars—the cruise missile becomes a very unattractive alternative.

I think there are many misconceptions about how much the B–1 really costs. The unit flyaway cost of the B–1, in escalated dollars, is $72.9 million.

The projected program acquisition cost—that is, the cost of the hardware plus all of the R.D.T. & E. amortized over the buy of 244 aircraft—is $87.6 million per copy in escalated dollars. Sure, the price is high but it is, nevertheless, the price that has to be paid for the kind of capability that the B–1 provides.

Comparatively speaking, the Concorde supersonic jet transport costs over $50 million per copy and this is not a fighting aircraft.

While I am on the subject of cost, I would like to clear up any misconceptions that there are concerning the B–1's track record. The program, at its inception, was estimated to cost $9.9 billion. This was for a 244 aircraft buy plus the R.D.T. & E.

The projected total cost of the B–1 program is $11.1 billion.

The $22 billion program cost that the critics advertise is the $11.1 billion B–1 cost plus nearly $11 billion for inflation.

If the Congress wishes to accelerate procurement of the B–1, it can save as much as a half billion dollars per year. This can be accomplished by directing the Defense Department to produce five aircraft per month rather than the currently planned three aircraft per month during the 1980 and later production period.

I was reading in a recent issue of the CONGRESSIONAL RECORD that some Members of the Congress are laboring under the thought that the B–1 represents a $92 billion commitment on the part of the American taxpayer during the next 10-year period. This is pure nonsense. This $92 billion estimate attributes the cost of a completely new tanker force to the B–1 program. The fact is, this country needs and will build a new tanker force with or without the B–1.

Next, let me turn to the current status of the B–1 program. I have seen a number of press releases recently that point out the technical problems that the program is having. Can anyone tell me about a research and development program that has not had technical problems during the course of its development? There are no technical reasons that are known today that will preclude the successful deployment of the B–1 aircraft on schedule.

The B–1 has had more testing to date than any other aircraft at a comparable point in its development. The B–1 test program is demonstrating its readiness for production in its aircraft structural tests, its flying quality tests, its engine development tests, and every other test that has been delineated in the previously developed test plan. At this time, I am confident—the Air Force is confident—and many of the critics of the program are confident, that the B–1 can and will do the job that it was intended to carry out.

I know that some of you here today came prepared to vote against the B–1 because you thought there were more practical alternatives that could do the job. I hope that I have convinced you that this is not the case. The alternatives that cost less than the B–1 provide an unacceptable level of capability. The alternatives that the critics allege will provide equivalent performance do not, in fact provide equivalent performance but do, in fact, cost more than the B–1. In addition, the stretchout which would be the result of a funding deferral is not only completely unnecessary, but would cost American taxpayers in excess of $500 million.

I hope that all of you recognize the continued need for a strategic bomber force, the importance of this bomber force to our military posture, and the need to select the B–1 as the bomber that will help insure our Nation's security into the 21st century.

Mr. PRICE. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia (Mr. DAN DANIEL).

(Mr. DAN DANIEL asked and was given permission to revise and extend his remarks.)

Mr. DAN DANIEL. Mr. Chairman, I rise in strong support of this legislation with particular emphasis on the points made by my colleague, the gentleman from California (Mr. CHARLES H. WILSON) and I agree with the gentleman when he said that the most important social service any government can do for its people is to keep them alive and free.

Mr. Chairman, I join with my distinguished colleagues here today who recognize the importance of the B–1 to our military posture, and want to take this opportunity to express my support for the program.

The role the strategic bomber plays in our Nation's defense needs has been demonstrated time and time again. The Soviets apparently have no problem in recognizing the significance of the strategic bomber. They have developed and deployed their Backfire bomber—an aircraft that significantly enhances their existing complement of ICBM's and submarine forces.

Much of the opposition to the B–1 emanates from a misunderstanding and lack of appreciation of the importance of our strategic forces.

If we examine the facts, the need for the B–1 is obvious. First, the B–1 is not intended to—and cannot—replace either the submarine or ICBM elements of our Triad. Our ICBM and submarine forces cannot meet all our requirements. The B–1 compliments these forces, and combined with them provides this country with the strategic power to insure deterrence.

Second, there are those who admit that the strategic bomber is necessary, but feel that the B–52 will be adequate throughout this century.

Mr. Chairman, the B–52 will be 30 years old in the early 1980's. It represents 1950 technology. Based on the current threat, the penetration capability of the B–52 is acceptable. Time will not stand still for us, though.

The B–1, coupled with the B–52, will insure the bomber element of our Triad into the 21st century.

Third, the environmentalists are fearful that the B–1 will seriously affect our environment. I am concerned for our environment, as are many here today. But the B–1 will have nowhere near the adverse environmental impact that the critics are proclaiming. It will not endanger the ozone layer of the atmosphere, for the simple reason that it will not operate in the ozone layer except on infrequent occasions. And finally, no one has proved conclusively that damage to the ozone layer is caused by air flight.

Next there is the question of cost: The critics allege that the B–1 will be the most expensive aircraft ever built. By the same token, your 1976 automobile will be the most expensive ever built. The 1976 loaf of bread is perhaps the most expensive loaf of bread ever baked. In 1976, we will be compelled to pay 1976 prices for our commodities. In the case of the B–1 the present cost estimates

include escalation through 1986. Discounting inflation, the B–1 program has experienced only a 12-percent cost growth since 1970. And finally, this should be said.

Since I have been a member of the Armed Services Committee, I cannot recall an aircraft that has been tested so extensively during its research and development phase as the B–1. And I have never known of a weapon system development program which did not experience problems during its research and development phase. The fact of the matter is, the B–1 is flying—will continue to fly—is meeting the mission expectations defined by the Air Force back in 1970—and if the current trend continues, it will be deployed on time.

The decision that confronts us today on this program is indeed serious. It could spell the difference between a continued period of deterrence and our engagement in a war.

Remember, our primary mission is to avoid a war and in order to do this, we must have this strategic weapon of peace.

I hope that the decision we make will be based on facts, rather than on misleading rhetoric.

A recent colleague letter proposes to defer the funds for the B–1 stating that the Armed Services Committee "is convinced that there is a high possibility that the Department of Defense in November of this year will have all the data necessary to make a decision on procurement of the aircraft." The letter goes on to state:

> Unfortunately, that same Committee has been convinced in the past that the results of marginal aircraft testing programs had all the data necessary to make a decision on procurement and the Congress has wound up authorizing such notable white elephants as the C–5A.

I believe that this criticism of the Armed Services Committee is unwarranted. While it is true that the C–5A has not met its design goal with regard to its wing life, it proved to be far more than a white elephant during the Mideast conflict. The C–5A carried a total tonnage of 10,763 tons on 145 missions for an average of 74.2 tons per mission. More importantly, it carried outsize cargo like the M–60 tank, the M–48 tank, fuselage and wings for the A–4E, the CH–53 helicopter, and many other items that could not be carried by the C–141 or other aircraft.

Let me suggest, if you seek a simile from the animal kingdom, that the Israeli troops whose survival depended upon them would more likely describe the C–5A as a valued beast of burden.

I did not read a single thing in this colleague letter that reflected the many things that have been proposed by the Armed Services Committee and authorized by the Congress that enable us to deter war and that have made it possible for all of us to be here today talking about the B–1.

I put my faith in the good judgment of this body.

I believe you will separate the facts from the myths and in doing so, join me in supporting this vital B–1 weapon system.

Mr. BOB WILSON. Mr. Chairman, I yield 1 minute to the gentleman from Louisiana (Mr. TREEN).

(Mr. TREEN asked and was given permisison to revise and extend his remarks.)

Mr. TREEN. Mr. Chairman, I rise in support of H.R. 12438.

I have the honor of being the ranking minority member of the Military Personnel Subcommitee which has jurisdiction for the manpower portion of the bill—titles III through VI.

The Military Personnel Subcommittee conducted a series of 11 hearings over the course of 2½ weeks in its review of the Department of Defense's request for manpower. Further, the full committee had a series of hearings in December and again in February—lasting several weeks each—in which many diverse viewpoints on the defense budget in general, and the manpower strengths in particular, could be aired. We heard from representatives of SANE, the Brookings Institution, and many, many others. The coverage of these hearings was very broad, but it did provide an opportunity for the Members to have access to all relevant viewpoints and to then, in turn, present their concerns to Department of Defense witnesses.

This effort was made by the committee so that we would be in a position to conduct a careful and detailed review of the fiscal year 1977 defense budget and its underlying assumptions. We have done just that.

It is clear from our examination of these proposals that, in the manpower area, the present force is the minimum size consistent with our national security interests. The reductions from the Vietnam experience are complete. Barring a change of major proportions in our international relationships or a basic reassessment of our foreign policy commitments from within, the foreseeable future will demand a force structure of essentially the size as exists today.

I will not stand before you and suggest that the manpower figures the committee is recommending are absolutes. The 2,102,000 figure for the active force can vary a few thousand either way as management improvements occur; however, what is important is that the United States maintain a conventional force that is militarily credible. That is the basis on which this number is established. This force will provide 16 Army divisions, 3 Marine divisions, a naval fleet of 489 ships, and an Air Force of 26 tactical fighter wings and 20 strategic bomber wings.

These elements represent a force structure which our best analytical efforts delineate as the minimum force necessary for conventional credibility. The cost of maintaining a military structure of this size is significant, and this is the aspect on which we all too often focus. However, it is more important that we recognize the real advantages which accrue to this Nation from the existence of this conventional force.

History has clearly shown that nations will seek to take advantage of perceived weaknesses on the part of their neighbors. It is also clear though that such adventurism is deterred by evident military capability on the part of a potential adversary. What we are buying in the first instance then is a visible military capability which preempts the notion that inexpensive gains are possible. An analogy to a police force is not inappropriate for this military role as it is clear that the real value to society is maintaining a police force is not as much for the criminal activity it apprehends and punishes, but rather the incipient criminal activity which it discourages through its mere existence.

Credible conventional forces provide a safety margin to this nation at a second and very real point in a military conflict. If deterrence fails and armed conflict breaks out, it is vitally necessary that escalation to nuclear warfare not occur. Our conventional forces are capable of engaging in a conflict of almost any proportion with effectiveness. Thus, a period of time for rationality and diplomacy to stabilize the atmosphere is created and, hopefully, to thwart the inclination to resort to nuclear weaponry.

The existence of these two elements are fundamental to the Nation's existence. Their nature is such that they must be purchased by advance planning and investment in conventional forces—after-the-fact commitments are too late and too costly.

Mr. Chairman, having said all of this about the necessity of maintaining the existing force structure, it is also important to state that within this force structure efficiencies in terms of the utility of the structure and the productivity of personnel can be expected. We have been active in assuring that every effort is being made to maximize the utility of this force. At present, it appears that the impact of inflation and the increases in the cost of manpower are providing incentives for Department of Defense managers to scour the structure for efficiencies. We will insure this process continues.

The defense program as presented in the committee bill before you is a good blend of what is necessary for our national security, and insurance against unnecessary and inefficient functions.

I urge your support of H.R. 12438 and the defense program it represents.

Mr. BOB WILSON. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. WHITEHURST).

Mr. WHITEHURST asked and was given permission to revise and extend his remarks.)

Mr. WHITEHURST. Mr. Chairman, about 40 years ago Winston Churchill stood in a parliamentary setting much like this one and in an effort to get the attention of his colleagues, he said, "Listen." And they fell silent. He said, "I think I hear something." He said, "Yes, it's quite clear now." And they strained as if they heard the sound that Churchill heard. He said, "It is the sound of marching men, the boots of 2 million Germans and 1 million Italians splashing through rain-soaked fields, crunching the gravel of parade grounds in Central Europe."

This is somewhat less of a dramatic moment here this afternoon but the clear and apparent danger to this Republic

is no less than it was to England 40 years ago.

There is some growth in this defense budget—not as much as some of us would like, but I stand here warning the Members that if we cut this budget, we are going to be in the same position England stood in 40 years ago.

The committee's judgment on the need for real growth was not arrived at lightly. Criticisms of past management practices in the development and procurement of major weapons systems are not without substance; there is—and will continue to be—significant room for improvement in the efficient utilization of defense moneys. But, even under ideal circumstances, certain basic realities must be acknowledged.

First, the level of defense appropriations cannot be influenced by wishful thinking about the underlying motives of Soviet military expansion. They must be determined, pragmatically, by an evaluation of what is necessary to maintain adequate deterrence against the threat.

Second, it must be recognized that there is an ultimate limit to the benefits to be derived by efficiencies. The real cost of defense like the real cost of everything else in our society, is going up. This results from two interrelated factors. The labor content of purchases from industry is increasing in real terms because the standard of living, as expressed in real wages, rises steadily in an expanding society. And this real growth in labor content is only partially offset by increases in productivity because of the growing cost of implementing governmental mandates on environmental and industrial safety.

The real cost of defense purchases in the specific area of modern weaponry also reflects another fundamental reality: the sophisticated weapons of the future simply do not equate in real cost terms with predecessor systems. Put in simplest terms, a modern F–16 fighter cannot be purchased for the same real cost that procured a counterpart system suitable to our needs in World War II or the Korean war. To conclude otherwise is to conclude that the cost of technology is free. The vast improvement in fighting power of modern systems must be paid for.

If, then, we are to maintain a deterrent force suitably modernized and ready to meet the threat which exists, the question which confronts the Congress is not whether there should be real growth in the defense budget, but rather, what constitutes an adequate level of real growth to maintain the requisite deterrent.

The balance of evidence considered by the committee indicates that the level of purchases from industry must grow by at least 4 percent per year in real terms in order to maintain a constant level of deterrent. The Department of Defense believes that because of efficiencies in the personnel area, this purchase growth can be sustained within an overall real growth rate of 2 percent per year for the total defense function.

It will be pointed out that the real growth in purchases from industry proposed in the fiscal year 1977 budget is 16 percent. This is correct. The question arises, therefore, why do we need 16 percent in the fiscal year 1977 budget, rather than the 4 percent endorsed by this committee as essential. The answer is that the 16-percent figure must be viewed in its proper context, rather than in a vacuum. It is essential to recognize that the 16-percent growth in purchases from industry results from a net real growth of only 7 percent in the total defense budget—which presumes efficiencies in budget areas other than purchases from industry. It assumes, for example, some severe constraints in areas of personnel spending—some of which the Congress has already indicated it does wish to support.

Furthermore, the real growth in purchases proposed by the Department of Defense this year constitutes a 4-year bill which is coming due. Between 1973 and 1976, modernization was continuously deferred as funds were reallocated to domestic priorities deemed more pressing. The vital areas of R.D.T. & E. and procurement—the areas of the defense budget which reflect the cost of weapons acquisition—remained at a static level for a period of 3 years. And as the committee has noted, non-growth in these areas translates into deterioration rather than maintenance of a status quo.

Viewed, then, in the 4-year context, a 16-percent growth in fiscal year 1977 purchases from industry translates into 4 percent for the current year and 12 percent in accumulated growth deferrals for the 3 preceding years, the minimum growth rate necessary to maintain a modern deterrent capability.

It is reasonable to ask whether, with a host of other national priorities, some portion of this year's program might safely be spread out over a number of years instead of trying to make up a 4-year deficiency in 1 year.

The answer is that, 4 years after the end of our involvement in Vietnam, the materiel shortages that arose from the natural course of fighting that war have yet to be made up. In fact, those deficiencies have been compounded by a series of budget deferrals in the post-war years. And many of the major weapons systems in our depleted inventory are nearing the end of their useful life.

Far from being a panacea that will cure all the ills of our deterrent force, the fiscal year 1977 budget should be accepted for what it is—a reasonable step in the right direction at a point in time when we still have such an option. The budget, however, in the judgment of the committee, requires modification and adjustment as it reflected in the committee's recommendation in this report.

Mr. BOB WILSON. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. ROBERT W. DANIEL, JR.)

(Mr. ROBERT W. DANIEL, JR., asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, every Member of this House remembers the Cuban missile crisis in 1962 in which the United States confronted the Soviets with our naval power in order to force the removal of Soviet strategic nuclear missiles from Cuba. Faced with the overwhelming superiority of the U.S. Navy and the clear nuclear weapons superiority we had at that time, the Soviets had no choice but to back down. The Soviets learned this bitter lesson well. Ever since, they have been embarked on a naval expansion and modernization program never before experienced in the annals of peacetime history.

The United States is essentially an island whose industrial survival depends on a flow of materials across the seas. Within the past year, we passed for the first time the point where we imported more oil to sustain our energy needs than we produced within our borders. Our allies lie across the oceans. To sustain ourselves and to cary out our mutual defense treaties, the U.S. Navy must be capable of maintaining the sea lines of communication.

The Soviets, on the other hand, are a land power. The nations they depend to share in their defense can be reached overland. In war, the mission of the Soviet Navy is much simpler than that of our Navy. Their task is simply to prevent our Navy from insuring the free flow of materials across the seas.

In recent years, our Navy has been shrinking as we laid up wtihout replacement overage ships built in World War II. Meanwhile, the Soviet Navy has been revamped from a coastal defense force to a blue water Navy whose ships are now seen throughout the world. Whereas in 1962 we forced the Soviets to withdraw their strategic nuclear subsiles from Cuba, today their nuclear submarines can reach targets throughout the United States from patrol stations off our coasts. With their new long-range missiles they can even reach us from waters close to their homeland.

They now have 20 diesel-powered ballistic missile submarines and 55 nuclear-powered ballistic missile submarines in operation. We have a total of 41 ballistic missile submarines, 31 of which are being converted from Polaris to Poseidon capability. Their total includes 34 Yankee class nuclear submarines which are equivalent to our ballistic missile submarines, except their are newer. They also have at sea 11 of their new Delta class submarines which carry a 4,200-mile missile which can reach any point in the United States from their operating areas in the Barents Sea and northern waters. The Delta class submarine is the Soviet equivalent of our Trident submarines. They are building them at a rate of about six a year compared to our Trident rate of three every 2 years.

It is clear that when the total balance of land-based and sea-based strategic nuclear capability is taken into account, the United States can no longer defend its objectives through the threat of nuclear war, without risking our own annihilation.

When it comes to lesser levels of conflict than all-out nuclear war, let us examine whether we could expect their Navy to be able to prevent our Navy from sustaining the sea lines of communication essential for the defense of ourselves and our maritime allies. Here we see a radical shift in recent years in the balance of naval power.

Beyond the range of their land-based

air power, the principal threat of their Navy against ours is their fleet of attack and cruise missile submarines. They now have 80 nuclear-powered submarines designed to attack our fleet, 40 of which are armed with cruise missiles in addition to torpedoes. They have 175 additional diesel-powered submarines, 25 of which have cruise missiles in addition to torpedoes.

Our best antisubmarine weapons system is our nuclear attack submarine. We have only 65 nuclear-powered attack submarines. They are all armed with torpedoes; none of ours have cruise missiles.

The Soviets have the largest and most modern submarine building yards in the world. They are able to build 20 nuclear submarines a year on a single shift basis if they use the full capacity of their nuclear submarine building yards. Last year the Soviets actually put to sea 10 submarines; we put to sea two. As recently as 1966, the Russians had only two shipyards building nuclear submarines; today, they have four with this capability and they are currently expanding such facilities.

The maximum U.S. capacity to build nuclear submarines is less than half that of the Soviets while our remaining Poseidon conversions are being completed. After the conversions are completed in 1977, the U.S. capacity will still be far below the Soviet building capacity.

Even more chilling than total numbers is the fact that since 1968, the Soviets have introduced over nine new submarine designs, or major modifications in design, besides converting older submarines to improve their capabilities. The Soviets have put to sea improved versions of their attack, cruise missile and ballistic missile nuclear submarines. In the last 8 years, they have put to sea more new design submarines than have ever been put to sea during a comparable period in all of naval history. The United States on the other hand, has produced only two new design submarines during this period. This fact is not surprising since the United States spends less than 20 percent of it naval budget on submarines while the Soviets spend approximately 40 percent.

The buildup of the Soviet surface navy is also of concern. The Soviets have more major surface combatants than the U.S. Navy and many of their ships carry surface-to-surface missiles while U.S. ships do not yet have them. The Soviets have 229 major comabtants compared to our 172 and about 1,770 minor combatants compared to our 189. Since 1968, the number of Soviet major surface combatants increased from 200 to 229, of which 33 are equipped with antiship cruise missiles. The number of U.S. major surface combatants fell from 350 to 172, none of which have cruise missiles. The deployment of our Harpoon cruise missile will not begin until 1977. While their numbers of surface combatants continue to increase, ours continue to decline.

In addition to the torpedo and cruise missile threat posed by Soviet submarines and the missile threat of their surface combatants, Soviet naval aircraft are capable of covering millions of square miles of ocean and are now equipped with antiship missiles of several different ranges. As the older aircraft are replaced with the longer range supersonic Backfire bombers, the Soviet naval air threat will extend farther and farther into open ocean areas. Soviet BEAR D aircraft operate from Guinea, Somalia on the Indian Ocean, and from Cuba as well as from the homeland. Used as reconnaissance aircraft and to target long-range antiship missiles, these aircraft can cover most of the Atlantic, Indian, and Northern Pacific Oceans.

The only category of ships in which the U.S. Navy has numerical superiority is the aircraft carrier. The Soviets are now operating their first carrier which is about the size of one of our Essex class carriers. Theirs is designed to handle vertical take off and landing aircraft and does not have catapult and arresting gear as do our carriers. Even in this category, the U.S. fleet has been continually shrinking. Whereas 10 years ago there were 23 carriers in our fleet, by this summer we will be down to 13. The carrier is the principal offensive striking arm of the Navy in nonnuclear war. It is the only means we have of projecting tactical air power beyond the range of provisioned and defended land bases. In areas of high enemy air threat, without the tactical air power of carriers our other surface ships would be extremely vulnerable to air attack.

As recorded on page 24 of our committee report, Admiral Holloway, Chief of Naval Operations, testified:

> In the broadest sense, for the foreseeable future, we believe that the U.S. Navy will be able to control any ocean or major connecting sea, *unless directly opposed by the Soviet Navy*. (Emphasis added)

He testified that Soviet naval construction has progressed at a rate four times that of the United States and that the growing Soviet fleet has been increasingly making its presence felt in areas more distant from the Soviet Union. He stressed that the sea-denial role of the Soviet Navy requires a much smaller investment than the sea-control capability our Navy reouies. In describing the Soviet worldwide naval exercise conducted last year he said:

> For the first time, we observed the Soviet Navy exercising interdiction of sea lines of communication—combined submarine, ship and aircraft operations against convoys—and operational employment of the new and highly capable Backfire aircraft. The growing maturity of the Soviet naval threat and the confidence of the Soviet hierarchy in employing maritime power must give us pause. We face a serious threat to our free use of the seas for the first time in more than 30 years.

These facts substantiate the clear and urgent need to revitalize our Navy. It is clear that the United States will not build enough ships to match the Soviets in numbers, nor need we if we build superior ships that can penetrate and counter their naval threat. It is clear that the direction we must go for our major combatants is to build ships with the best weapon systems our technology can devise. We must provide them with nuclear propulsion so that they are freed from dependence upon oil supply lines which are extremely vulnerable to the type of naval forces the Soviets have and are building.

Comparison of United States and Soviet submarines, February 1976

Submarine type:	Soviets	U.S.
Ballistic missile		
Nuclear	[1] 55	41
Non-nuclear	20	0
Attack:		
Nuclear	40	65
Non-nuclear	150	10
Cruise missile:		
Nuclear	40	0
Non-nuclear	25	0
Total:		
Nuclear	135	106
Non-nuclear	195	10
Grand Total	330	116

[1] Includes 34 Yankee and 11 Delta class modern ballistic missile submarines.

Comparison of United States and Soviet active surface ships (February 1976)

	Soviets	U.S.
Major combatants:		
Aircraft carriers	1	[1] 13
ASW helicopter carriers	2	0
Cruisers	32	26
Destroyers	87	[2] 69
Frigates	107	64
Subtotal	229	172
Minor combatants:		
Missile patrol craft	135	0
Other patrol craft	540	8
Amphibious ships	80	61
Mine warfare ships	260	3
Auxiliaries	755	117
Subtotal	1770	189
Total	1999	361

[1] This total does not include the *Oriskany*, an *Essex* class carrier scheduled to be taken out of service at the end of fiscal year 1976.

[2] With the exception of two *Spruance* class destroyers, all of these destroyers are 15 to 31 years old.

Mr. PRICE. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. STRATTON).

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. STRATTON. Mr. Chairman, in the fiscal year 1976 budget request, the House Armed Services Committee added $14.3 million to provide long-lead items for a fiscal year 1977 buy of A-6E aircraft for the Navy and Marine Corps. In the conference report on the authorization bill for fiscal years 1976 and 197T, the House and Senate Armed Services Commitees concurred that the A-6E line should remain open. There were a number of cogent reasons for this action. First, the Navy and Marine Corps force levels were considered to be the minimum required to meet the best estimates of threat probabilities. There is further evidence that there will be an unacceptable shortage of jet attack aircraft with day/night all-weather capability in the early 1980's.

Second, the A-6E is the only aircraft in production in the free world which provides a unique, capable, and highly reliable, all-weather operational jet attack system.

Further, the appropriations bill for the current year, fiscal 1976, as signed into

law, contained the funds authorized for the A–6E.

Subsequently, however, the office of the Secretary of Defense disapproved the Navy's request to spend this $14.3 million for continued A–6E procurement in a budget decision dated December 5, 1975. So, therefore, in the bill before you today the Armed Services Committee after careful consideration, concluded the Defense Department had made a serious mistake to terminate all A–6E production and added $125 million for procurement of enough A–6E's for the Navy to keep the all-weather aircraft line open.

Termination of procurement of A–6E aircraft will unacceptably aggravate the Department of the Navy's ability to meet its own A–6's inventory objectives. In addition, a severe shortfall would occur in the 1980's.

Moreover, to end procurement now would require an immediate new research and development effort to produce a replacement all-weather aircraft. Even with the beginning of a research and development effort today, a grave shortfall would still occur before a replacement for the A–6 would be available.

The A–6 is the only all-weather attack aircraft in the Department of the Navy. It represents approximately one-half the Department of Defense's all-weather attack capability and three-fourths of the all-weather moving target detection—MTI—capabilities of the Department of Defense.

Critics of A–6E procurement argue that sufficient assets would exist if the Navy and Marine Corps mutually shared the A–6 assets as they are depleted. The Navy does not agree that the assets could be mutually shared. The Navy and Marine Corps' position is that existing force levels represent the strength in depth which each service requires in the area in which it operates, that is, war at sea for the Navy, amphibious operation for the Marine Corps. There are no all-weather attack capabilities at all in the Naval Reserve and there are no A–6's in storage. Therefore in a major crisis, there will be no source of all-weather aircraft to replace any attrition.

The A–6E is the most advanced strike aircraft in the Department of Defense. In addition to its all-weather attack capabilities, it allows the crew to identify and attack a target, at night or in poor weather, on the first pass. In addition, it provides the capability to maintain, passively, positive contact with high value surface vessels at night and in poor weather.

Procurement of these few A–6E's in fiscal year 1977 will help maintain the Navy's all-weather attack forces at their present force levels into the early 1980's and will allow a more orderly R.D.T. & E. program and transition for development of a new follow-on, all-weather attack aircraft.

The Armed Services Committee in its report strongly recommended that the Secretary of Defense reconsider the action taken in last Decembers program budget decision. The Department of Defense should free fiscal year 1976 funds to keep open the production line on this vital aircraft. By its action on the present bill the committee has provided additional funding authorization for fiscal year 1977 and signaled its clear intention that production of the A. & E. should continue.

Mr. BOB WILSON. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. HILLIS).

(Mr. HILLIS asked and was given permission to revise and extend his remarks.)

Mr. HILLIS. Mr. Chairman, the Department of Defense budget for fiscal year 1977, for the first time in years, shows some real growth. This is a step in the right direction which will help to get us out of the rut we are in. The Defense budget has, over the years, been steadily declining in terms of real purchasing power; and now we have finally been able to breathe some life into it. Nonetheless, we're still playing catchup ball in a risky game. It is estimated that a net of $7.3 billion in real growth is provided in this bill.

Much of the real growth in the fiscal year 1977 budget can be tied directly to initial procurement of a number of new major weapons systems whose time has come.

For the past 6 to 10 years a number of important weapons systems have been in the research-and-development stage. They have undergone a rigorous scrubbing year after year by the Congress. In some cases the production start has been delayed several years by congressional or administration stretchout of the program. Several of these just happen to be coming into production for the first time this year.

The procurement buys which are coming on the line this year total about $4.7 billion. That pretty much gobbles up a good part of the $6 billion in real growth in this year's procurement account.

Here is a breakdown of the procurement cost of new major weapons systems entering the defense arsenal for the first time:

Air Force B–1 bomber—$1.5 billion.

Navy Trident I missile, 80 weapons—$1.1 billion.

Air Force F–16 fighter—$620 million.

Army UTTAS helicopter—$213 million.

Navy carrier-on-board-delivery (COD) transport—$171 million.

Navy CH–53E helicopter—$116 million.

Army nonnuclear Lance missile, 360 weapons—$76 million.

Army Stinger missile, 445 weapons—$48 million.

Air Force Laser Maverick, 100 missiles—$58 million.

Nuclear-powered strike cruiser—$302 million.

With the start of production on these systems, incidentally, there is expected to be created an additional 120,000 defense-related jobs. But I hasten to assure you that our committee never makes a judgment on that basis. Our sole consideration is the needs of the Armed Forces.

The total in procurement dollars for these new items alone is $3.5 billion, equivalent to more than half of the estimated real growth of the procurement. It is interesting to note, however, that the B–1 has been delayed repeatedly by either the Defense Department or the Congress and that if its history had followed the normal weapons-procurement course, it would have gone into production several years ago. Likewise the Trident I missile, which has been slowed down by the Congress in the past, would normally have reached production earlier.

As another example, the UTTAS helicopter has been subject to questioning and delay for many years before finally starting production.

The nonnuclear Lance would have been produced several years ago if the recommendations of our committee had been followed. However, it was delayed by congressional action.

It will be seen, therefore, that the increased amount provided for procurement in this bill is due in part to the beginning of production of systems which normally would have gone into production several years ago. I think this is clear evidence that the growth in procurement is related to past delays and deficiencies.

There is one more point worth noting—that delay often increases cost. Congressional foot dragging will result in some of these systems costing more than they would otherwise. Every time we put off a buy for a few years the initial cost goes up when we do start procurement.

So I hope we will not waste a lot of time arguing about what is an adequate amount of real growth in arbitrary economic terms but think in terms of the systems we need for an adequate defense. The bill is coming due on delays of the past. What our committee is providing today is a bill to begin development of the minimum-quality force we need for the future. I urge your support.

Mr. BOB WILSON. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. O'BRIEN).

(Mr. O'BRIEN asked and was given permission to revise and extend his remarks.)

Mr. O'BRIEN. Mr. Chairman, for some strange reason the systems analysts in the Department of Defense and the Office of Management and Budget have never been able to understand the importance of nuclear propulsion for major combatants built for our naval strike forces.

A quarter of a century ago the analysts said we should not build nuclear submarines because they cost more than conventional submarines. Congress had to intervene and mandate their construction. Today our nuclear-powered ballistic missile submarines are our best deterrent to an all-out nuclear war, and our nuclear-powered attack submarines are our best anti-submarine weapon system.

The systems analysts have a long record of causing delays or cancellation of naval nuclear propulsion projects that Congress considered vital to our defense. They staunchly:

Opposed building the first nuclear powered carrier *Enterprise;*

Opposed nuclear propulsion for the carrier *John F. Kennedy*—CVA 67;

Opposed the nuclear cruiser authorized by Congress in fiscal year 1966 which the Department of Defense refused to build;

Opposed the nuclear cruiser authorized by Congress in fiscal year 1967 for which the Department of Defense held up the release of funds for 18 months;

Opposed the two nuclear cruisers authorized by Congress in fiscal year 1968 for which the Department of Defense held up the release of funds for one for 22 months and refused to build the other;

Opposed continuation of the nuclear powered attack submarine building program beyond a force level of 69;

Proposed sinking 10 of our 41 ballistic missile submarines as a cost-saving measure;

Opposed the electric drive submarine authorized by Congress in fiscal year 1968 for which the Department of Defense held up the release of funds for 5 months;

Opposed the high speed nuclear powered attack submarine which Congress authorized starting in fiscal year 1969 over the objections of the Department of Defense;

Opposed over a period of years building the nuclear powered carriers, *Nimitz*, *Dwight D. Eisenhower*, and *Carl Vinson*;

Opposed building the four nuclear cruisers of the *Virginia* Class currently under construction.

In each and every case, Congress has had to take the initiative. If the decisions had been left to the systems analysts, we would not have any nuclear powered ships in our Navy today.

However, despite the efforts of Congress to provide nuclear powered warships, progress in the application of nuclear propulsion to surface warships has been slow. Design of the first nuclear powered carrier was started in 1950—over a quarter of a century ago. In 1953, the entire program leading toward the first nuclear carrier was cancelled by the Department of Defense. In 1954, the large ship reactor project was reinstated. This project ultimately led to inclusion of the nuclear powered cruiser *Long Beach* in the fiscal year 1957 shipbuilding program and the nuclear powered carrier *Enterprise* in the fiscal year 1958 program. These were followed by the nuclear powered cruiser *Bainbridge* in the fiscal year 1959 program. These three ships have now steamed a total of 2,000,000 miles. In 1964, they demonstrated to the world the outstanding capabilities of nuclear powered warships during a 30,000 mile cruise around the world without logistic support—a feat well beyond the capabilities of conventional warships.

In the 4 years subsequent to authorization of these three nuclear powered surface warships—fiscal year 1960 to fiscal year 1963—the Department of Defense obtained authorization for two new aircraft carriers and 10 new cruisers, all of which could have been nuclear powered. But, of these 12 major warships, only one has nuclear power. This nuclear ship, the cruiser *Truxtun*, has now been in operation for 9 years and has steamed over 300,000 miles. The *Truxtun* is nuclear powered only because of the initiative taken by Congress, following the recommendation of the House Armed Services Committee, to authorize and appropriate the extra funds to change the *Truxtun* from oil fired to nuclear powered in the fiscal year 1962 shipbuilding program.

The only additional nuclear surface warships completed in the past nine years are the carrier *Nimitz* and the cruisers *California* and *South Carolina*. Thus, we now have only two nuclear carriers and five nuclear cruisers in the Fleet.

If the two conventional aircraft carriers and the nine conventional cruisers authorized since 1960 had been provided nuclear propulsion, the United States would now have in being four nuclear powered carrier task groups instead of the two incomplete nuclear carrier task groups we now have. These nuclear powered task groups would have given the United States a much stronger Navy with which to face the rapidly expanding Soviet Naval threat.

But the analysts have never been willing to appraise properly the increased military effectiveness of nuclear power. They have opposed virtually every nuclear powered ship on the basis that it costs more, and therefore we must not build them because we could build more conventional ships with the same money.

On the other hand, the record is replete with reports from the fleet that nuclear powered warships have vastly superior military capabilities and are well worth their extra cost. As far back as the 1962 Cuban Missile Crisis, the Carrier Division Commander responsible for the nuclear carrier *Enterprise* and the conventional carrier *Independence* during the naval blockade reported to the Secretary of the Navy his personal evaluations of the value of nuclear propulsion based on his first-hand experience. I want to read to you excerpts from that report because it summarizes very well the tremendous avalue of nuclear propulsion in surface warships. He said:

> My experience in *Enterprise* to date has convinced me more than ever that the military advantages of nuclear propulsion in surface combatant ships more than outweigh their extra cost. . . .
>
> I wish that others who so easily dismiss the admitted advantages of nuclear power as not being worth the cost could have shared our experience during the past 2 months on the Cuban blockade. It is now even more obvious to me that the CVA-67 should have nuclear propulsion. *Enterprise* outperforms every carrier in the fleet. No other carrier has made over 10,000 landings in her first year of operation. Her planes are easier and cheaper to maintain and are combat ready more of the time because they are not subject to the corrosive attack of stack gases. They can fly more missions because much of the space normaly used for fuel oil tankage is available for ammunition and jet fuel. The rugged reliability designed and built into her propulsion plant gives her a sustained high speed and ever-ready maneuvering rate that greatly enhance air operations. The absence of boiler uptakes has allowed the arrangement of communication and radar systems superior to those on any other carrier. In Washington these often cited advantages of nuclear propulsion seem to get lost in a shuffle of paper—off Cuba they were real.
>
> I think the Cuban crisis made all of us do a lot more thinking about how we will fare in war. On blockade duty our conventional escorts were usually refueled every other day. Protecting that oil supply train under air and submarine attack would have been tough enough right here in our own backyard—in an advanced area the problem will be magnified manyfold. I am certain that the naval commanders facing the problem of large numbers of Soviet nuclear submarines and the missiles and the aircraft of the 1967-87 era—the period when CVA-67 and her successors will be at sea—will consider that the added cost of nuclear propulsion in combatant ships is a cheap price to help solve the problems facing them. . . .
>
> My experience tells me that nuclear propulsfon offers the Navy tremendous military advantages that will be sorely needed in the years ahead. To maintain fleets at sea against the hostile forces that are sure to oppose us will require every technical advantage we can possibly muster. Frankly, Mr. Korth, I am deeply disturbed that we are not exploiting to the fullest the technological advantage we hold in nuclear propulsion that has been gained through such great effort. I do not believe you can weigh victory or defeat on a scale of dollars and cents—yet the margin between victory and defeat future naval engagements may well depend on the availability of nuclear-powered ships to the fleet commander of the future.

The record compiled by our nuclear-powered warships has led many of our senior naval officers to conclude that the all-nuclear carrier task group has greater capabilities to penetrate and counter the projected Soviet naval threat than any other naval force we know how to build. A former Chief of Naval Operations has stated:

> By being far less dependent on logistic support than conventional forces, and by having the capability to retire at high speed for replenishment in low threat areas, the all-nuclear carrier task group has a capability to continue sustained operations in a high threat area which cannot be matched by any other currently foreseeable naval force. These capabilities are well worth the added cost involved.
>
> Each time a nuclear ship is substituted for a convenional ship in a task group the military capability of the whole force is increased, with the greatest increase realized when the all-nuclear group is achieved. For example, a nuclear carrier with four conventional escorts has twice the range of a conventional carrier with the same four conventional escorts. If two of the escorts are made nuclear range of the task group is again doubled. When all of the ships are nuclear the group as a whole has essentially unlimited high speed endurance. Past studies have shown that in terms of overall cost, including reduced logistic support requirements, each time a nuclear escort is substituted for a conventional ship with the same weapons the lifetime cost of a task group is increased only about one percent. I consider this trade-off of high capability for slight relative cost to be essential in the context of reduced forces rather than the opposite. Past studies have also shown that it takes fewer nuclear ships to do the same job as conventional ships.

Another former Chief of Naval Operations testified to our committee that:

> Generally I would expect less loss of life with an all-nuclear group because of its reduced vulnerability and lesser dependence on the supply operations.

He added further that this reduction in the loss of life is not considered in the systems analysts studies. He summed up the situation by saying:

> Nuclear power makes possible the greatest advance in propulsion since we went from sail to steam.

Faced with the continued opposition of the systems analysts to nuclear pro-

pulsion for major combatant ships, the Congress in 1974 included in the Department of Defense Appropriation Authorization Act, 1975, a new title VIII—Nuclear Powered Navy, which made it "the policy of the United States of America to modernize the strike forces of the combatant vessels. . . ." But the ink was not even dry on the President's signature on August 5, 1974, on Public Law 93-365, when the systems analysts decided to challenge this policy.

The Navy had for several years been developing the AEGIS fleet air defense weapons systems to be installed on a new class of major combatants for naval strike forces intended to operate in the areas of highest threat. The Navy, in consonance with the new law, proposed that the AEGIS strike force ships all be nuclear powered. But the Department of Defense and Office of Management and Budget analysts had their way and the Navy was persuaded to change their recommendation to a mix of 8 conventional ships and 2 nuclear powered to be built over the next 5 years.

Secretar yof Defense Schlesinger informed Chairman PRICE last May that he was considering proposing that a new class of nonnuclear AEGIS ships be built. Chairman PRICE immediately wrote to the Secretary of Defense and to the President reminding them of the specific requirements of section 804 of title VIII that:

> All requests for authorizations or appropriations from Congress for major combatant vessels for the strike forces of the United States Navy shall be for construction of nuclear powered major combatant vessels for such forces unless and until the President has fully advised the Congress that construction of nuclear powered vessels for such purpose is not in the national interest. Such report of the President to the Congress shall include for consideration by Congress an alternate program of nuclear powered ships with appropriate design, cost, and schedule information.

This was followed by a series of letters between senior members of the Armed Services Committee and the Department of Defense, the Office of Management and Budget, and the President. In this correspondence, the committee set forth the basis on which the committee had concluded that major combatants built for the strike forces should have nuclear propulsion and the specific areas of concern that must be addressed by the Defense Department if they were going to request conventional ships for this purpose. The responses all relied on one argument; namely, that since nuclear ships cost more we should buy conventional ships. None of the replies addressed the fundamental issue of how the U.S. Navy will assure a constant flow of propulsion fuel to conventionally powered strike force ships in the areas of highest threat.

I have studied every word in this correspondence and I can assure you it is extremely frustrating. Those of us who favor providing nuclear propulsion for our strike force major combatants have spelled out the issues in detail. Those who oppose it refuse to discuss the issues and merely cite the fact that nuclear ships cost more money.

Despite the explicit notification of the Secretary of Defense by Chairman PRICE in May of last year that the law requires that no request can be made for a major combatant vessel for the strike forces "until the President has fully advised the Congress the construction of nuclear powered vessels for such purpose is not in the national interest;" the President's determination concerning the conventional AEGIS ship requested by the Department of Defense in fiscal year 1977 was not forwarded to the Congress until almost a month after the budget request was submitted to the Congress and only 4 weeks before the committee had to complete its markup and report to the Budget Committee. Further, as is discussed in detail in the committee hearing record, the President's letter did not "fully advise" the Congress in that it contained incorrect cost information, did not properly compare the capabilities of the nuclear and nonnuclear ships, and did not address many of the fundamental issues involved—issues that Chairman PRICE had specifically informed the executive branch in writing in advance must be addressed in any such determination.

Whether you are in favor of or against providing nuclear propulsion for Aegis ships, every Member of Congress should be deeply concerned over the cavalier manner in which the Department of Defense is treating the provisions of the law included in title VIII. This matter is fully documented in the committee's hearing record. Whether you are for or against the nuclear strike cruisers the committee recomends be authorized, I urge every Member of this Congress to oppose authorization of nonnuclear major combatant vessels for the strike forces until such time as the executive branch has fully complied with the requirements of title VIII.

The argument over whether the Aegis ships should be nuclear powered clearly demonstrates the need for title VIII. If we in the Congress are to be asked to provide funds for nonnuclear major combatants, we certainly should expect the President to "fully advise" us as to why. It is obvious from the record thus far that the analysts have not even fully advised the President as to the full and correct facts in the matter. They would like to have their way without having to justify their position with facts and without facing up to the basic military issues involved.

No matter how many cost analyses are done, they cannot change the fact that major combatants built for our naval strike forces need nuclear propulsion to free them from a tenuous and extremely vulnerable oil supply line. Before he left his job as Chairman of the Joint Chiefs of Staff, Adm. Thomas H. Moorer urged that the Department of Defense adopt the policy of title VIII. He said:

> The experience of our Navy during the 1973 October War is providential warning—which appears already to have been forgotten—that the Navy strike forces must not continue to be dependent on oil for propulsion in an actual war situation.

That is the position of the House Armed Services Committee and that is the policy of the Congress established by law. I urge every Member of Congress to support it.

Mr. PRICE. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. ICHORD).

(Mr. ICHORD asked and was given permission to revise and extend his remarks.)

Mr. ICHORD. Mr. Chairman, I rise in support of H.R. 12438. H.R. 12438 is an expensive bill, some 700 million dollars over the budget but I would remind my colleagues that defense expenditures are much like insurance expenditures. Both are greatly expensive until they are actually needed. We can not perform our constitutionally mandated responsibilities of saving, maintaining and supporting armies for the defense of the Nation without great expense particularly when we are compelled to spend as much as 54 percent of the military budget to deploy manpower costs in order to function with a voluntary military.

The actions of the committee and the report of the committee recognize that we have labored too long under the delusions of détente; that we have been following policies of high folly and at high risk; that we cannot afford to think in terms of how we would like the world to be but must think in terms of how it is.

Ever since President Ford's interview of March 1 in which he told a reporter: "'Détente' is only a word that was coined—I do not think it is applicable any more," a debate has raged over the meaning of the official banishment of "détente" from the administration's vocabulary. Eager to please State Department officials have strenuously assured the Kremlin that despite the change in vocabulary, the policies of "détente" have not changed. On March 22, the Senate spent lengthy debate trying to assure whoever was listening that the Senate still believes in the importance of sound U.S. relations with the Soviet Union.

These learned men have missed the point. Clearly our goal to lessen tensions with the Soviet Union has not been abandoned, nor should it, and the Kremlin has absolutely no need of assurances. What was abandoned was the delusion that détente somehow meant that the Soviet Union would temper its behavior and withdraw from its clearly stated intentions of supporting wars of liberation and attaining world hegemony.

From the beginning of so-called "détente," the word meant something different to the Soviets than it did to us. Detente required restraint and compromise on both sides. But where was Soviet restraint during the October 1973 Middle East War and the oil embargo? Where was Soviet restraint in Mozambique, Portugal, and more recently in Angola? Détente means nothing if it is not reciprocity. But where was our reciprocal advantage for our grain sales, for our capital, and for our technology? And what advantage was there in ratifying Soviet conquests in Eastern Europe when the Kremlin in turn continues to jam the broadcasts of Radio Free Europe and Radio Liberty and even succeeded in banning RFE from the Winter Olympic Games. Détente may require compromise. But as we have reduced our military manpower to 2.1 million men, the Soviets

have increased their men in arms to 4.4 million.

As pointed out by Secretary of Defense Rumsfeld, the Soviet Union in the last decade has increased its army divisions from 141 to 168. It has added tanks, artillery and armored personnel carriers, 2,000 tactical aircraft have been added. It has increased its international ballistic missiles from 242 to 1,600; SLBM's from 450 to 2,500, and they are rapidly closing the gap in our technological lead.

This measure will help to revise the foolish policies we have been pursuing in past years. It recognizes that détente is not dead but the delusions of détente are. It is high time.

Mr. BOB WILSON. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. SCHULZE).

(Mr. SCHULZE asked and was given permission to revise and extend his remarks.)

Mr. SCHULZE. Mr. Chairman, I have asked for this time to express my deep concern over the latest stretchout of the Trident submarine program proposed by the Department of Defense. The proposed program for fiscal year 1977 would provide construction funding for only one Trident submarine instead of two as planned last year. Construction of these important ships has already been delayed too much. The original Trident program planned by the Department of Defense called for construction of three submarines per year. This program was subsequently reduced to two per year, and then to three every 2 years or an average of one and one-half per year. Each program stretchout has greatly increased the costs.

The committee report points out on page 28 that DOD changes in the program have already added $1.05 billion to its cost. In January the Navy reported the stretchout proposed this year will increase the cost of the first 10 Trident submarines by $225 million.

Of great concern to me is our position vis-a-vis the Soviets. Détente is no longer used to characterize the situation. In the vital area of submarine-based ballistic missiles, the Soviets have already deployed their version of our Trident class submarine. The Soviets have 11 Delta-class submarines operational which can launch 4,200-mile missiles. With these missiles, Soviet submarines do not have to move outside the Barents Sea to fire at targets in the United States. By comparison our submarine force will not possess a similar capability until the Trident system comes into service in 1979. Meanwhile the Soviets are continuing with series production of their new missile-firing submarines. The Soviet capabilities increase the threat to our land-based strategic forces and the reliance we must place on our sea-based strategic forces.

The Trident submarines will enable the United States to maintain a secure and viable strategic deterrent in the face of the increasing Soviet threat. The longer range of the Trident missiles will permit basing our ballistic missile submarines in the United States—no foreign basing will be required. This will eliminate the vulnerability of our ballistic missile submarine force to international political action that could deny us the use of foreign bases. This is extremely important because we are always in danger of losing our foreign bases. For example, the treaty recently negotiated with Spain calls for removal of our ballistic missile submarines from the base in Rota, Spain in 3 years.

The Trident submarines will increase survivability because they are being built with all the latest technology. They will be more difficult to detect than our existing Polaris and Poseidon submarines because the Trident submarines will be quieter and the longer range missiles will give the submarines vastly more ocean area to hide in. Our existing Polaris and Poseidon submarines are noisy compared to current standards. They were all built with the technology of the 1950's. Quieter submarines are necessary to decrease the probability of detection and insure the survivability of our seaborne strategic deterrent.

The importance of our ballistic missile submarine force as a deterrent to a nuclear holocaust is well known. No sudden strike or irrational act by a potential adversary could wipe out the ability of these hidden, vigilant ships to deliver a destructive retribution.

We must plan now for an orderly program to replace our aging Polaris and Poseidon fleet. It would be folly to postpone the Trident program again. All of the Trident programs presented to Congress by the Department of Defense during the past 3 years have had at least 10 submarines. We should build these ships as economically as possible. I strongly support the action recommended in the committee's report which would restore the Trident program to two submarines in fiscal year 1977 as planned last year. In the fact of the current threat we must show our national resolve and not vacillate on a program which is vital to our survival.

Mr. PRICE. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. LEGGETT).

(Mr. LEGGETT asked and was given permission to revise and extend his remarks.)

Mr. LEGGETT. Mr. Chairman, I rise in substantial support of H.R. 12438 and specifically section 710 pertaining to the civil defense program. In January I was appointed by the gentleman from Louisiana (Mr. HÉBERT), the chairman of the Investigations Subcommittee, as a kind of sub-subcommittee chairman to review this overall situation along with my colleagues, the gentleman from Michigan (Mr. CARR) and the gentleman from New York (Mr. MITCHELL). We very extensively went into the overall civil defense posture of the United States and the Soviet Union and we determined after 11 days of hearings and 23 witnesses that to reduce our overall budget from the $85 million level to the $64 million level in 1 year and to restrict the expenditure of funds at the Federal level for civil defense only to nuclear defense would tie the hands of local agencies with respect to dual use for both man-made and God-made disasters and was not really a wise limitation on Federal expenditures.

The President of the United States a number of times, including the existing President, as late as last year thought the dual-use concept was excellent. In the budget this year we had found the concept had changed and there was an effort to restrict the funds or limit the use. As a result, our sub-subcommittee and the subcommittee did recommend unanimously to the full committee with the resulting unanimous recommendation of the full committee, we have determined we wanted to recommend to the Budget Committee that we expend, not the sum of $64 million this year for civil defense, not the sum of $85 million, which we had last year, not the sum of $130 million requested by the Federal Civil Defense or Civil Preparedness Agency, but an alternative reasonable amount of $110 million, which is not subject to authorization in this existing bill.

We do, however, believe that civil defense is important in the overall strategic poker game, that if the Soviets can protect their people from attack, certainly the United States ought to have a reasonable capacity to do the same. If the Soviets spend $1 billion for their defense, we cannot spend that much, but we have to spend something, and the something is more than $64 million. As a result, we have determined to review this matter on an annual basis. Members can find on page 13 of the bill under section 710 a provision under section (b) which bootstraps this program for future years such that we will annually be authorizing a reasonable amount by the House Committee on Armed Services, the so-called Public Law 412 bill, for civil defense.

In section (a) of section 710, again on page 13, we provide there, that lest there be any doubt:

"Without in any way modifying the provisions of this Act which require that assistance provided under this Act be furnished basically for civil defense purposes, as herein defined, it is the intent of Congress that the needs of the States and their political subdivisions in preparing for other than enemy-caused disasters be taken into account in providing the Federal assistance herein authorized".

So there we make indelibly clear that it is the intent of the Congress to provide funds for dealing with hurricanes, tornadoes, forest fires and so on, and also for nuclear attacks.

As a collateral matter, we also considered the question of the problem of a radioactive cloud which might result if a domestic nuclear reactor suffered a loss of coolant and melt down. We learned from reasonably good authority, I believe from the Oak Ridge people, that considering the fact that we are siting our nuclear reactors outside of central cities and considering the fact that we are developing a reasonably sufficient civil defense program, that there need be no casualties associated with a meltdown.

The CHAIRMAN. The time of the gen-

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THE FEDERAL GRAND JURY

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 14, 1975

Mr. CONYERS. Mr. Speaker, it is indeed curious that one of our most significant juridical institutions—the grand jury—is virtually ungoverned by statute, case law or guidelines of the courts. As Professor Charles Ruff of Georgetown University School of Law points out, "it is the prosecutor who fills this legal vacuum, and his discretion is exercised within parameters that are only vaguely defined."

Today when the reach of governmental activity into private and public life is so great, there is all the more need to restore the grand jury to its role of protecting individual rights. We must seek remedies to abuses that result from the arbitrariness of prosecutors and law enforcement agencies.

Before the Judicial Conference of the District of Columbia Circuit on June 2, 1975, Professor Ruff advanced some important insights into the contemporary Federal grand jury, particularly into the use of grand juries by prosecutors. He recommends needed reforms, in particular a more active role of the courts in overseeing grand jury proceedings.

I wish to share with my colleagues a portion of his paper at the Judicial Conference. His remarks constitute a cogent argument for Congress to assist the Judiciary by enacting legislation that safeguards the rights of witnesses, the independence of grand jurors and that strengthens the supervisory role of the court.

REMARKS OF PROFESSOR CHARLES RUFF AT THE JUDICIAL CONFERENCE OF THE DISTRICT OF COLUMBIA CIRCUIT

Whether destined to serve for one or two months as the mechanism for processing routine criminal cases or destined to serve for eighteen months as the vehicle for pursuing complex investigations of white-collar or organized crime, the federal grand jury is created at the behest of the prosecutor and spends its existence under his virtually total control. Although, just like the petit jury, it is the child of the court, its diet, schooling, and behavioral training are left to the prosecutor. Its parent gives it some very general instruction at birth and sees it again only when it has voted to return an indictment or when, usually at the behest of the prosecutor, it is ready to be dissolved. There is no other aspect of the court's activity that goes on so far outside the bounds of judicial control. The Constitution, a few statutes, and a few rules of criminal procedure sketch out the boundaries of the grand jury's power, and occasional court decisions reaffirm its historic role as society's inquest. But most of what happens inside the grand jury room is



en line of decisions, tells us that the powers of the federal grand jury are practically limitless, and concomitantly without limit are the power of the federal prosecutor. We know that a police officer cannot, at least without some judicial supervision, arrest a citizen and take him to the police station to obtain his fingerprints, *Davis* v. *Mississippi*, 394 U.S. 721 (1969), but by filling in a subpoena already signed and sealed by the clerk of the court the prosecutor can require that citizen, under pain of contempt, to come to the courthouse for the identical purpose. *United States* v. *Dionisio*, 410 U.S. 1 (1973); *United States* v. *Mara*, 410 U.S. 19 (1973). We know that a search warrant for the books and records of a law firm could issue only on a showing that there existed probable cause to believe that a crime had been committed and that those records constituted the fruits, instrumentalities, or evidence of that crime, but the prosecutor can force a partner in that firm, who may himself be the target of the investigation, to turn the same records over to the grand jury without having made or even being able to make any showing of relevance or materiality to the investigation of specific criminal activity. *See, Bellis* v. *United States*, 417 U.S. 85 (1974). We know that a witness before the grand jury may be confronted with evidence seized in violation of his Fourth Amendment rights, *United States* v. *Calandra*, 414 U.S. 338 (1974), and we have reason to believe that the grand jury subpoena could require the witness to produce records the existence of which was discovered by means of that violation. (Is there anything left of *Silverthorne Lumber Co.* v. *United States*, 251 U.S. 385 (1920), after *Calandra*?)

The grand jury's subpoena requires the reporter to provide information obtained from confidential news sources, *Branzburg* v. *Hayes*, 408 U.S. 665 (1972), requires brother to testify against brother or daughter against father, and even requires, at least under certain circumstances, the President of the United States to disgorge tape recordings of his conversations with members of his personal staff. *Nixon* v. *Sirica*, 487 F.2d 700 (1973). Given the potential for abuse inherent in this kind of power, it is, perhaps, surprising that we have not heard more concerning prosecutorial misconduct.

From 1969 to 1973 much was said and written about the use of the grand jury as a device for the harassment of dissident political groups under the banner of national security, and some of this criticism was undoubtedly justified: The convening of grand juries in districts far from the place where the principal criminal activity was alleged to have occurred, the confining of material and recalcitrant witnesses for long periods, the questioning of witnesses about their political and social beliefs and those of their friends—all these were techniques which, given different times and different people, might have been used or at least might have been used more sparingly. But no one of these devices is, on its face, in violation of the Constitution, the laws of the United States, or the Federal Rules of Criminal Procedure, and except for infrequent instances of intervention by the district courts and the courts of appeal, their use went on basically unchecked.

Imaginative and aggressive counsel for witnesses and defendants were able to make some impact—to challenge the use of the contempt power in situations where the

subject of pending charges. See, *United States* v. *Doe*, 455 F.2d 1270 (1st Cir. 1972). For the most part, however, a witness subpoenaed before a grand jury could be expected to appear and testify without the propriety of the prosecutor's conduct ever being brought to the attention of the court.

I suggest that virtually the only restraints imposed on the prosecutor's use of the grand jury are those which he imposes on himself as a matter of his personal and professional morality or which are imposed on him as a matter of policy by his superiors. On occasion, it is clear, such restraints are ineffective, and decisions are made and actions taken that, whatever their legality, transgress the limits of prosecutorial discretion. These transgressions are more likely to be forgiven when they occur in organized crime investigations than when they impact on First Amendment rights in so-called "domestic security" investigations, but for a vision of what might be one need only look to the recent history of the New York special prosecutor's office. Whatever judgments are made about the legality of his conduct or its propriety, nothing comparable occurred during the halcyon years of public corruption prosecutions in the federal courts.

Among the mechanisms for controlling the conduct of the prosecutor before the grand jury are the internal guidelines promulgated by the United States Attorney, some examples of which have been cited by Mr. Glanzer, and the policies, some formal and some informal, that issue out of the Justice Department for the guidance of all federal prosecutors. For example, as the result of the litigation over the newsman's privilege, the Attorney General issued a formal regulation requiring his specific authorization before a subpoena could issue to any member of the news media, 28 C.F.R. § 50.10, and on a less formal level there have existed over the years general departmental policies counseling restraint in the calling of targets before the grand jury and restricting the use of multiple contempt proceedings to extend the incarceration of recalcitrant witnesses. The Department also issues a "Practical Handbook of Federal Grand Jury Procedure" that is distributed to all Criminal Division attorneys and assistant United States Attorneys and is designed to insure some uniformity in practice, although my experience in some of the farther-flung federal districts would indicate that there is a surprising level of ignorance about the most basic rules of grand jury procedure.

Obviously the provisions of the Code of Professional Responsibility as well as those of such works as the ABA's Standards Relating to the Prosecution Function provide some general guidance, but it is my impression that the young prosecutor learns most about his obligations and his powers by watching and listening to and, less frequently, questioning the senior attorneys to whom he is initially assigned. This system operates on the very basic assumption that the federal prosecutor is honest and competent and sensitive to the ethical and moral considerations which ought to govern his conduct, and I think that this assumption is in large measure a valid one. Assumed competence, however, is not enough; there must be generated within the Department of Justice and in each United States Attorney's office candid, self-analytical evaluation of the prosecutor's role in the grand jury process, and each prosecutor must be trained not only in the law of the grand jury but in what has heretofore been the unarticulated consensus as to the ethics and morality of prosecutorial conduct.

But even this kind of training is not enough. I come back to the point where I began. The grand jury is, whatever its modern role as a prosecutive mechanism, the child of the court and the court has the responsibility for insuring at least a minimum level of performance by its progeny. For the most part, efforts in this direction have taken the form of opinions by various courts of appeal as isolated issues have come before them in the course of some criminal litigation. See, *United States* v. *Estepa*, 471 F. 2d 1132 (2d Cir. 1973) (use of hearsay regulated as an exercise of the court's supervisory power); or *United States* v. *Gaither*, 413 F. 2d 1061 (D.C. Cir. 1969). This approach is, of course, the appropriate one in most areas of the law but is really a very haphazard means of dealing with the difficult and sensitive issues that arise out of the grand jury. Rule 57 of the Federal Rules of Criminal Procedure provides that the district court may make its own rules so long as they are not inconsistent with those promulgated by the Supreme Court, and since the few provisions that do deal with the grand jury (Rules 6, 7 and 17) scarcely pre-empt the field, there is little to prevent any district court from using its rule-making power to impose some controls over the manner in which its grand juries are employed.

Take the question of the recording of grand jury proceedings as an example. Rule 6(d) merely provides that a stenographer may be present in the grand jury room; the cases have uniformly held that there is no requirement that any or all grand jury testimony must be recorded. Although the practice in this regard varies from district to district, the absence of any statutory or judge-made control over the recording process opens up substantial potential for abuse. It would, for instance, be possible for a prosecutor to record only the testimony of witnesses he believed to be hostile or possible witnesses for the defense at trial so that he would have the transcripts available for cross-examination while not recording the testimony of law enforcement officers and other favorable witnesses and thus evading the impact of the Jencks Act. The Northern District of Illinois requires, by way of its own rules, that *all* proceedings before the grand jury be recorded, including the statements of the prosecutor, but that broad requirement is extremely rare if not unique, and in most districts only the individual policy of the United States Attorney determines what, if any, testimony is recorded.

This kind of problem is particularly amenable to solution by local rule, but others may be as well—the use of nonparticipating agents to present cases simply by reading investigative reports to the grand jury (the *Estepa* question), the issuance of *Dionisio*-type subpoenas, perhaps the calling of young children as witnesses, or even the giving of warnings to witnesses. Given the potential scope of the court's role in directing the grand jury's conduct, perhaps it would be appropriate for the court to begin an informal inquiry, in cooperation with the United States Attorney, to determine what problems do exist or may develop and whether they can be dealt with more effectively by the issuance of rules than by piecemeal litigation. In any event I think it important to recognize that the courts have the power to play a more active role than they now do, and I believe that judicial activism in this field is warranted despite the difficulties that will undoubtedly arise in drawing the line between reasonable participation and undue interference with the prosecutorial function.

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Even If They're Not Guilty, They Could Still Be of Some Help

A Commentary
By Nicholas von Hoffman

"The FBI needs an excuse as to why they can't find people, so they think this is a lesbian conspiracy," says Robert Sedler, a Lexington, Ky., lawyer who has had five clients in jail since March 8 as a result of whatever it is that passes for thought at FBI headquarters.

All in their early 20s, four of them are women. In Connecticut, two other women are in jail for the same reasons. David Rosen, their lawyer in New Haven, says the G-men have even gone to the extent of tracking down the mother of one of his clients in another state and telling her, "You may not know this, but your daughter is a lesbian."

The reason for these jailings goes back to Sept. 23, 1970, when two women and two men robbed the Brighton branch of the State Street Bank in Boston. A policeman was murdered and shortly thereafter the two men were arrested for their part in the crime. One was convicted and sentenced to the electric chair, where he never sat, thanks to the Supreme Court; his confederate killed himself in jail before he could be tried.

Two Brandeis University students, Kathy Power and Susan Saxe, were indicted by a grand jury for the crime but have not been caught. It appears that they have escaped arrest by living under assumed names, holding ordinary jobs and making friends with people in the women's movement.

Using the aliases of Lena Paley and May Kelley, they may have lived in the student feminist community of Lexington last summer, where it is supposed they made the acquaintance of some of Sedler's clients. The FBI thought so and yanked the clients before a grand jury, where they refused to testify. They've been in the cooler for contempt practically ever since.

In open court their lawyer told the judge that he was authorized to say in his clients' names that "None of us knows the present whereabouts of the persons known as Lena Paley and May Kelley. We state this to the court and we further state that we had no knowledge or reason to believe that Lena Paley or May Kelley were persons other than the persons they claimed to be, or were fugitives from justice."

Much the same thing happened with the two women locked up in Connecticut. However, the government isn't alleging that any of them broke a law. What the government is after is a rundown on the lives and private affairs of people in the women's movement, whether gay or straight.

Maybe the Justice Department theorizes that the new threat to national security comes from this unlooked-for sector of society. A less bizarre possibility is that the FBI has concluded no underground is hiding these two names on its most wanted list, but that, if the agents can understand the characteristic patterning of the feminist, radical sub-culture, they will be able to anticipate Power and Saxe and capture them.

That may be so, but such information can't be gathered without grossly intruding on the privacy of many innocent people. What a thing to do to gays, but straight women, who come to consciousness-raising sessions to talk out the most delicate aspects of their womanhood should not also have to worry about an extra man in their lives, namely Clarence M. Kelley, the head of the FBI.

To use the grand jury to extort such information doubles the seriousness of what these butt-inskis are doing. The grand jury wasn't created to be an investigative tool. Its purpose is to protect citizens against malicious prosecution by the authorities, not to afford the FBI subpoena powers that Congress has conspicuously refused to grant it. This instance of the use of the grand jury as a chamber of interrogation is less justifiable than most, since all the defendants in the bank robbery were indicted years ago.

Beyond this, there is some evidence that the FBI is now fanning out to bother people in the women's movement who have never laid eyes on Power and Saxe by any name. One such is Margie Robertson of Terrace Park, Ohio, an officer of the local NOW chapter there. She says that in February she was visited by a woman who identified herself as an FBI agent named Mary Elizabeth Denn. Denn was very polite but she wanted to know all about Mrs. Robertson's feminist friends and organizational connections.

Mrs. Robertson, who had to put up with this questioning while nursing a sick child, says Agent Denn subsequently showed up at the Cincinnati Rape Crisis Center where "she started flashing her badge around and had to be asked to stop intimidating people."

Not long after the visit by Denn, Mrs. Robertson reports she began to experience telephone troubles: "Sometimes I can't hear on it; sometimes I hear the sound of a broken tape on a reel. When that happens we tell them, 'Get it together, boys.'"

Good idea, fellas. Get it together and clean up your act while you're at it.

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The Sunday Bulletin
(Philadelphia)
Focus
DECEMBER 21, 1975

and Juries Viewed as Mere Tools of Prosecutor

E YOU NOW to a convenosecutors. One enthusiastits of "investigation by ter-

says: "The prosecutor can burn the Bill of Rights out of seven . . . No court ntry has the power to look at the grand jury considers cts as it does."

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n institution is the grand f its important functions is dence presented by a prosedecide if citizens should be nd tried for crimes for are accused.

osed to function as an indedy of impartial citizens to



Herb Denenberg says . . .

protect us all from elected and appointed prosecutors who are willing to use their power for improper purposes.

The U.S. Constitution and many state constitutions provide for grand juries. By a 1973 amendment to the Pennsylvania Constitution, a grand jury can be abolished at the option of individual counties. After January 1, the indicting state grand jury no longer will exist in Philadelphia.

Special investigative grand juries will still be authorized, and federal grand juries are not affected by the Pennsylvania changes.

Many legal observers feel the grand jury has become an instrument of oppression and a vehicle of persecution rather than a bastion of liberty.

In Congressional testimony on March 31, 1973, Sen. Edward M. Kennedy (D-Mass.) described how the federal grand jury had been used as a "new breed of political animal — the kangaroo grand jury . . . a dangerous form of Star Chamber secret inquisition that is trampling the rights of American citizens from coast to coast."

HOW CAN WE make the grand jury do its job? By making sure it is truly an independent body of citizens that will throw out improper attempts to indict and that will keep overzealous or politically motivated prosecutors in check.

Most legal authorities agree that the grand jury today is nothing but a rubber-stamp for prosecutors.

Watergate Special Prosecutor Charles Ruff recently said: "I suggest that virtually the only restraints imposed on the prosecutor's use of the grand jury are those which he imposes on himself as a matter of his personal and professional morality or which are imposed on him as a matter of policy by his superiors."

The law should require that members of the grand jury be thoroughly briefed on their responsibilities to protect their fellow citizens, and not rubber-stamp every demand of a prosecutor. They should perform as the watchdog of the prosecution, not its partner.

Grand juries should keep in mind their right to call witnesses on their own and ask them questions. These rights are available, at least in the case of a federal grand jury.

They should not hesitate to vote down an improper or unfair indictment.

They should not hesitate to ask the prosecutor questions and take their complaints to the supervising judge that swears them in before they perform their duties.

The law should also be changed in other ways to make sure grand juries again become a shield for defendants rather than a dumb-tool for prosecutors.

NOW A WITNESS before a grand jury cannot even have a lawyer with him when he testifies. Under the laws of most states and in the federal courts, witnesses have to leave the grand jury chamber to consult with their lawyers, an irrational an ading procedure.

It is not only time consum also may create the wrong imp with grand jurors, and can eff deny a citizen his right to cour

There are other "quirks" of federal grand jury procedures

Witnesses can be called to with only a few hours notice. ness is not entitled to a trans his testimony. He can be indi hearsay evidence, not even sable during a trial, or on illeg tained evidence obtained in v of his constitutional rights. A is not even given a clear right unbiased grand jurors.

The situation before mos grand juries is just as bad or For example, only this year California Supreme Court requ a prosecutor disclose evidenc able to a defendant to a grand

Next year Congress will h first hearings in its history to e the federal grand jury system

For more information abou jury abuses, write The Coal End Grand Jury Abuse.

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House of Representatives

THURSDAY, FEBRUARY 6, 1975

CONYERS INTRODUCES GRAND JURY REFORM ACT OF 1975

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 6, 1975

Mr. CONYERS. Mr. Speaker, today I am introducing, for myself and 20 colleagues, the Grand Jury Reform Act of 1975, a strengthened version of legislation I introduced in the 93d Congress to restore the grand jury's traditional role as a guardian of American liberties.

Last year, the Congress enacted the Speedy Trial Act of 1974, a long overdue measure to revitalize the eroded constitutional right to a speedy trial. The bill I am introducing today will revitalize another long eroded and neglected constitutional right in our criminal justice system—the right of a citizen to the protective shield of the grand jury.

Historically, grand juries have had two distinct functions:

First. They have evaluated the evidence gathered by a prosecutor to determine whether the State was justified in bringing a person to trial, with the humiliation and expense that entails.

Second. They have conducted independent investigations of offenses allegedly committed or aided by public officeholders. If the State would not investigate itself, a body of citizens would discover and prosecute criminal activity.

As might be expected of an institution 800 years old, the grand jury has had a mixed history. At times, grand juries have acted as "people's panels," shielding the innocent from unjust prosecution, or investigating government authorities who misused their positions for private gain or public harm. In pre-Revolutionary America, for example, grand juries sometimes refused to indict colonists accused of violating British laws, such as the Stamp Act or seditious libel laws, which the jurors believed to be unjust.

But, in more recent times, the grand jury has often been a compliant instrument of the prosecutor. In the words of former Senator Charles Goodell, writing in the May, 1973, issue of Harper's:

> Over the years, the complexion of grand juries has changed, their anti-authoritarian tradition has been diluted, and they have become subservient to the interests of the prosecuting authority over which they are assigned to watch.

By 1791, when the Bill of Rights was adopted, the grand jury was established as a major barrier to unchecked prosecutorial authority. The fifth amendment provides that "no person shall be held to answer for a capital, or otherwise infamous crime" unless a grand jury votes in favor of bringing the charge. This provision has been interpreted by the courts to mean that no person may be prosecuted in the Federal courts on a felony charge without a grand jury indictment. Every Federal prosecution—whether for violation of Selective Service or antitrust laws, or for counterfeiting, smuggling, bank robbery, tax fraud, or a variety of other crimes—begins with a grand jury indictment.

In the Federal system, the grand jury usually functions with little conflict and attracts little attention. At least one grand jury is in operation in every busy Federal district at all times, normally meeting once a week or less for several hours at each meeting. The 23 members of the jury normally are chosen at random from the voter registration lists of the counties within the district. At each session, the grand jury considers the evidence gathered by Government investigative agencies, under the direction of one or more assistant U.S. attorneys. Typically, a U.S. attorney calls witnesses into the grand jury room one at a time—an agent of the FBI, the Customs Service, the Internal Revenue Service, or any one of a number of other Federal or local investigative agencies. Sometimes the victim of a crime may also be called as a witness.

In response to the questions asked by the U.S. attorney, the witness, if an investigative agent, will describe the findings of his agency in the case. In addition, either the U.S. attorney or the witness may introduce documentary evidence. After all witnesses have been questioned, the grand jury, with no one else present, votes on whether to indict anybody for committing the possible crime or crimes involved. The grand jury, which until that point has played no role in questioning the witnesses or in shaping the investigation, almost always votes in favor of indictment.

The American Bar Association's "Standards Relating to the Prosecution Function," approved draft 1971, caution that—

> Where the prosecutor is authorized to act as legal advisor to the grand jury he may appropriately explain the law and express his opinion on the legal significance of the evidence but he should give due deference to its status as an independent legal body; The prosecutor should not make statements or arguments in an effort to influence grand jury action in a manner which would be impermissible at trial before a petit jury. (Approved Draft, 1971, p. 87).

Nevertheless, as Judge William Campbell of the Federal bench in Chicago has written:

> Any experienced prosecutor will admit that he can indict anybody at any time for all most anything before any grand jury.

For several years, beginning in 1970, the Justice Department, and particularly its Internal Security Division, convened

a series of special grand juries and used them in a way rarely seen before. Instead of calling Government investigators or victims as witnesses, the Government subpenaed a wide variety of citizens who were neither victims nor Government employees. Many of them were associated with the antiwar movement, although some had only incidental ties with antiwar activists. Scores of witnesses were forced to choose between testifying about their friends, relatives, and political associates, or going to jail for contempt of court if they refused to answer the prosecutor's questions in the grand jury room.

In addition, the questions asked of witnesses were often impossible to answer. For example:

I want you to tell the grand jury what period of time during the years 1969 and 1970 you resided at 2201 Ocean Front Walk, Venice (Los Angeles), who resided there at the time you lived there, identifying all persons you have seen in or about the premises at that address, and tell the grand jury all of the conversations that were held by you or others in your presence during the time that you were at that address. (Question asked by Guy Goodwin of the Internal Security Division of the Justice Department of a witness subpenaed to appear before a federal grand jury in Tucson, Arizona, Fall, 1970.)

Witnesses were jailed for their refusal to answer this question and others that were equally sweeping. Dozens of people were jailed for refusing to testify. Others, unwilling to be jailed for a principle when they knew nothing to incriminate anybody, were forced to disclose the private lives of their friends and relatives.

Probably because the grand jury has a long history as an institution independent of the prosecutor and other arms of the Government, Federal law says almost nothing about its procedures. In the absence of legal restraints, prosecutors have taken control of making decisions that properly belong to the grand jury itself. The prosecutor decides whom to subpena, what questions to ask, the general nature of the investigation, and the question of grants of immunity. One result is that, particularly in recent years, prosecutors have exploited this freedom of action in ways that constitute serious abuses of the power of the grand jury. For example, as illustrated by the question quoted above, prosecutors have been able to force witnesses to answer questions before a grand jury which they would not have to answer if asked in the prosecutor's office or in a police station.

Moreover, the Department of Justice now seeks to remove whatever constraints still remain. In a September 10, 1974, letter to the Honorable PETER RODINO, chairman of the Judiciary Committee, the Department advocated a constitutional amendment that would give attorneys for the Government the sole power to determine when the grand jury indictment process should be used, and when it should be bypassed in favor of a prosecutorial information—a procedure which eliminates the role of the people in this critical stage of the criminal justice process. This proposal would further erode grand jury safeguards which were already weakened recently by the 1974 Supreme Court Calandra decision which ruled that illegally obtained evidence is admissible in grand jury proceedings.

The legislation I am introducing is based on the belief that it is better to strengthen the grand jury as an institution than to restrict or abandon it. First, the place of the grand jury in the Federal system is defined unequivocally by the fifth amendment; eliminating or curtailing its role, therefore, would require a constitutional amendment. Such an amendment is practically unrealistic and potentially dangerous to propose changes in the Bill of Rights. Second, grand and petit juries are the only two institutions in our judicial system in which decisionmaking authority is given to the people independent of the Government. I believe that it would be a mistake to eliminate the grand jury, or to minimize its role, at a time when popular participation in our political and legal institutions needs to be encouraged, not discouraged.

The Grand Jury Reform Act of 1975 is designed to end the pattern of grand jury abuse of recent years. The tool which has been crucial to prosecutors' misuse of the grand jury's subpena power has been the ability of prosecutors to obtain court orders of immunity, giving a witness limited immunity from prosecution, but ordering him to testify without regard to his fifth amendment right against self-incrimination.

The legislation I propose would make two changes in immunity procedures. A witness could be given immunity, and a corresponding order to testify, only if he agrees to this exchange. Further, the prosecutor could not approve this exchange without the approval of a majority of the members of the grand jury itself. A judge might then sign an immunity order, once the grand jury, the prosecutor, and the witness all agree to this procedure.

This bill would also require a favorable vote by a grand jury majority to subpena a witness and to seek a court finding of contempt if a witness refuses to testify. Moreover, the Government's power to bypass a grand jury already considering a matter would be greatly restricted, as would the practice of seeking out a more pliable grand jury once one has voted against an indictment.

Also with regard to immunity, this legislation would eliminate "use immunity" which was created by the Organized Crime Control Act of 1970, and subsequently applied to scores of witnesses with no visible or alleged connection with organized crime—racketeering, gambling, narcotics, and prostitution. Use immunity allows the Government to compel a witness to testify, even in a manner which incriminates himself, and then to prosecute the witness for the crime about which he testifies. The immunity offered provides only that, at any later trial, the Government may not use any of the person's compelled testimony or anything derived from that testimony.

Use immunity has been rightly criticized for the narrowness of the protection which it offers the witness. There is no way for a defendant, who had earlier been a recalcitrant witness, to trace the way in which his grand jury testimony was used by Federal, State, or local investigative agencies. Nor is there any way for a defendant to know whether the prosecutor's tactical decisions concerning presentation of the case were shaped by information derived from the defendant's compelled testimony. In light of such problems, this bill eliminates use immunity, but not transactional immunity which protects the witness from prosecution for any of the vents or actions about which he testifies.

In other sections, this bill would provide a number of procedural safeguards for the rights of witnesses appearing before grand juries, for example: Providing for 10 days' notice prior to a hearing on a contempt charge, and 7 days' notice before a subpena is returnable; requiring the transcribing of all grand jury proceedings—except secret grand jury deliberations and consultations between a witness and counsel—and giving the witness the right to obtain a transcript of his testimony within 48 hours; allowing a witness to be represented by counsel in the grand jury room; barring any evidence obtained in violation of a witness' constitutional rights; requiring prosecutors to inform witnesses of their constiutional rights prior to questioning; and a number of other important procedural protections.

This bill also would allow citizens, with court approval, to approach a grand jury and ask it to engage in independent inquiry, as well as to allow citizens to testify in any ongoing inquiry. Watergate has pointed out the difficulties inherent in attempts by a grand jury to investigate criminal activity in which members of the executive branch of the Government may be implicated. This is one reason why the right of citizens to approach the grand jury is of critical importance. This is also why the bill takes the major step of allowing grand juries to retain their own attorneys when they are investigating crimes in which current or former Government officials may be involved. Such attorneys would be empowered to sign indictments in lieu of attorneys for the Government.

I include a summary of the Grand Jury Reform Act of 1975 at this point in the RECORD:

SUMMARY OF THE GRAND JURY REFORM ACT OF 1975

RECALCITRANT WITNESSES

Twelve or more members of the grand jury must vote to make application to the court for an order directing a recalcitrant witness to show cause in a hearing why he/she should not be held in contempt.

Gives the witness ten days notice of a contempt hearing. In the case of a witness subpoenaed to trial, and upon a showing of special need, shorter notice may be given, but not less than five days.

The witness has the right to appointed counsel in contempt proceedings, if the witness is unable to afford it.

Imprisonment shall be in a Federal institution, unless the witness waives this right.

Reduces the period of imprisonment from a maximum of 18 to 6 months for civil contempt, and prohibits reiterative contempt, by making the 6 months cumulative, applying it against any confinement resulting from prior subsequent, or related grand jury investigations.

Provides that the confined person shall be admitted to bail, pending appeal, unless the appeal is patently frivolous and taken for delay. Appeals shall be disposed of pursuant to an expedited schedule, eliminating the unique "30 day rule", which requires that appeals be decided within 30 days.

Provides that a refusal to answer questions or provide other information shall not be punished if the question or the request is based on any violation of the witness' Constitutional or statutory rights.

Applies all of the above protections to witnesses subpoenaed to trial as well as grand jury witnesses, with the exception of grand jury voting, where in trial the determination is made by the court.

NOTICE TO THE GRAND JURY OF ITS RIGHTS AND DUTIES

Requires that the district court judge who empanels the grand jury give instructions to the grand jurors at the beginning of their term, including: grand jury powers with respect to independent investigation, its right to call and interrogate witnesses, its right to request documents and evidence, the subject matter of the investigation, the necessity of legally sufficient evidence to indict, and the power of the grand jury to vote before a witness may be subpoenaed, granted immunity, be given a contempt hearing or indicted.

Prescribes that failure to so instruct the grand jury is just cause for a refusal to testify or for dismissal of an indictment by that or by a subsequent grand jury on the same matter.

INDEPENDENT INQUIRY

Allows the grand jury, upon notice to the court, to inquire on its own initiative into offenses committed by government or former government officials. The grand jury shall serve for 12 months with no more than two extensions for a maximum of 24 months.

Provides that the court, upon a vote of the grand jury, shall appoint a special attorney to assist the grand jury in investigation. Such attorney will be paid $100/day and may fix compensation for such assistants as is deemed necessary, with the approval of the court. Such attorney shall have exclusive power to assist the grand jury and shall sign any indictment, in lieu of a government attorney.

RIGHTS OF GRAND JURY WITNESSES

Provides that subpoenas be issued only on an affirmative vote of 12 or more members of the grand jury. Subpoenas are not returnable on less than seven days notice. The subpoena must advise the witness of the right to counsel, the right against self-incrimination, whether his/her conduct is under investigation, the subject matter of the inquiry, and the substantive statutes involved. Any witness not advised of these rights cannot be prosecuted, subjected to penalty, or have the evidence used against him/her in court.

Gives witnesses the right to have counsel in the grand jury room, such counsel to be court appointed where appropriate. Counsel shall not be bound by secrecy.

Prescribes that when an investigation includes violations of substantive criminal statutes as well as conspiracy, the grand jury may not be convened in the district where only the conspiracy is alleged. On the motion of the witness the court shall transfer the investigation to another district in which the proceedings may be properly convened. The court shall take into account the distance of the proceedings from the residence of the witness, other burdens on the witness, and the existence and nature of any related proceedings.

Once a grand jury has considered a matter, the government shall not bring the same matter to another grand jury unless the government shows and the court finds that the government has discovered additional relevant evidence.

Provides that transcripts shall be made of the proceedings and be available to the witness, a copy shall be furnished without cost.

Gives the witness and his/her counsel the right to examine and copy any statement of the witness in the possession of the United States which relates to the matter under investigation.

Provides that no person shall be required to testify or be confined if, upon evidentiary hearing, the court finds: (a) a primary purpose or effect of the subpoena is to secure for trial evidence against a person already under indictment, or formal accusation. (b) Compliance with the subpoena is unreasonable or oppressive and involves unnecessary appearances; or the only testimony that can reasonably be expected is cumulative, unnecessary, or privileged. (c) The primary purpose of the subpoena is punitive.

Gives the court in the district out of which the subpoena was issued, the court in the district in which the subpoena was served, and the court in the district in which a witness resides concurrent jurisdiction over motions to quash and other relief. It allows such motions at any time. If a motion is made prior to or during an appearance, the appearance is stayed, pending ruling. If the motion is made during or subsequent to the appearance, the motion must be made in the district of the empaneled jury.

Any person may testimy on a matter before a grand jury or appear before a grand jury to request that it engage in independent inquiry, unless the court finds that such testimony or such appearance would serve no relevant purpose.

IMMUNITY OF WITNESSES

Abolishes all forced and use immunity before grand juries and courts. Transactional immunity is allowed with the written consent of the witness, and by affirmative vote of twelve or more members of the grand jury; or, in the case of a trial proceeding, with the consent of the witness and by application of the U.S. attorney.

Provides transactional immunity for witnesses before Congressional committees and agency hearings.

REPORTS CONCERNING GRAND JURY INVESTIGATIONS

Requires the Attorney General to file detailed annual grand jury reports, describing: (a) the number and nature of investigations in which grand juries were utilized, (b) the number of reports for orders compelling testimony, and the number granted. (c) the number of immunity grants requested, the number approved, and the nature of the investigations, (d) the number of witnesses imprisoned for contempt, and the dates of their confinement, (e) an assessment of the effectiveness of immunity, including the number of arrests, indictments, no-bills, etc., resulting from compelled testimony, and (f) a description of the data banks, etc., by which grand jury data is processed and used by the Justice Department.

EVIDENCE

Requires the government to introduce all evidence in its possession tending to prove the innocence of a potential defendant.

Prohibits the grand jury from returning an indictment on the basis of hearsay evidence alone.

CO-SPONSORS OF H.R. 2986
CONYERS GRAND JURY REFORM ACT OF 1975

Ms. Abzug, Mr. Badillo, Mr. Brown of Calif., Ms. Burke of Calif., Mr. Carr, Mr. Corman, Mr. Dellums, Mr. Drinan, Mr. Downey, Mr. Eckhardt, Mr. Edwards of Calif., Mr. Ford of Tenn., Mr. Harrington, Mr. Hawkins, Mr. Helstoski, Mr. Mitchell of Md., Mr. Moakley, Mr. Patterson of Calif., Mr. Rangel, Mr. Rees, Mr. Rosenthal, Ms. Schroeder, Mr. Stark, Mr. Stokes.

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en provisions to enforce compliance with the law to end activity in illegally taken teeth and whale bone. Without their help we would not have been able to develop the legislation we act on today reflecting both our commitment to end the killing of whales and our commitment to preserve scrimshaw as an American art form.

Any legislation which amends the Endangered Species Act, a law universally recognized as the strongest and most effective legislation in protecting animals in danger of extinction, must be carefully and thoughtfully drawn to assure that the Congress commitment to the protection of endangered animals is not diminished. The amendment we approve today has been under consideration for a year and a half, has been the subjetc of public hearings, and has had the most valuable input of the animal protection groups. As a result, we were able to draft this amendment to the Endangered Species Act which reaffirmed and strengthened the resolve of the Congress to protect the whale.

Mr. President, I share with my colleagues in the Senate a deep sense of regret that the slaughter of the sperm whale continues in record numbers even today. The largest quota permitted for the world's whaling nations is for the killing of the sperm whale. The United States is absolutely committed to end the whale slaughter and we renew our efforts to encourage other nations to follow our lead.

We are all too familiar with the pattern which recognizes the danger to our marine mammals and wildlife only after it is too late. I again assure all those citizens who have worked so hard to end the killing of the sperm whale that they have my strongest support. And I am hopeful that we in the Congress, working together with these citizens, can be successful in protecting the sperm whale for generations to come.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion to concur in the House amendment with the Senate amendments.

The motion was agreed to.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from New Mexico seek recognition?

Mr. DOMENICI. No, I do not.

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

NATIONAL LEADERSHIP CONFERENCE ON ENERGY POLICY—SENATE JOINT RESOLUTION 206

Mr. STONE. Mr. President, memories of the 1973 gasoline shortage and the long waiting lines have faded. Retail gasoline prices have temporarily stabilized. The Damoclean sword of OPEC has passed from our minds. Most Americans no longer worry about energy shortages.

It is unusual to hear the Presidential candidates talking to voters about energy. They probably have read recent public opinion polls indicating that concern about energy ranks very low among the voters. According to the Harris Survey, at the beginning of 1976 only 13 percent of the American people considered "the energy shortage" as one of the "biggest problems" facing the American people. Few leaders seem anxious to alter this apathy.

In the Congress of the United States, which has the primary policymaking function under the Constitution, energy rarely occasions major debate. Since the enactment of the Energy Policy and Conservation Act of 1975, signed into law by President Ford, there has been little interest in Congress in reviewing our energy situation. Indeed, there appears to be an unfortunate and ill-founded assumption that the 1975 act established a sufficient energy policy for the Nation. Although when passed this legislation probably represened the best possible political compromise on energy, it certainly does not incorporate an effective national energy policy.

I respectfully suggest, Mr. President, that we have come to a point of national indifference toward America's energy supply. As a people we seem to prefer the illusion of short-term comfort to the reality of dealing with our fundamental energy problems. Ironically, this apathy is increasing as the country begins to recover from the economic recession and has a higher demand for energy. If the recovery continues—as we hope it would—demand for more energy must be expected to rise in tandem.

An example is the increased demand for motor gasoline. For the 4-week period ending May 21, 1976, demand for motor gasoline was 7.10 million barrels per day. Compared to the same period in the last 3 years, demand was up 7.7 percent over 1975; 10 percent over 1974; and, 4.4 percent over 1973. Motor gasoline demand for the year 1976 to date—ending May 21, 1976—was up 5.8 percent over the same period for 1975; 10.7 percent over 1974; and, 5.7 percent over 1973.

The increasing demand for gasoline is alraming because there has been a steady yearly decline in the rate of domestically produced oil. In 1972, there was a total of 3.5 billion barrels of oil produced domestically; in 1973, a total of 3.4 billion barrels; 1974, a total of 3.2 billion barrels; and, in 1975, a total of 3.05 billion barrels. The 1976 estimate shows a continued decline in the total number of barrels of oil produced domestically.

Analysts tell us that the demand for gasoline shows no sign of abating. The summertime, when most Americans take their vacations is upon us. Millions of Americans will be driving around the country. National celebrations during the Bicentennial Year are likely to push the demand for gasoline to even higher levels.

Recent sales reports from domestic automakers also point to increasing gasoline consumption. Domestic small cars and their foreign counterparts continue to take a smaller share of U.S. auto sales. Intermediate and large cars dominate sales reports. Cadillac sales, for example, are up 50 percent this year so far over 1975. This is due at least in part to less worry over availability and price of gasoline.

Two years ago we were shocked into the realization of our vulnerability to the foreign oil-producing nations. That vulnerability still exists. The gasoline lines have gone away, but the causes for those gasoline lines remain with us.

Crude oil imports through May 7 of this year were 35.6 percent above the same period for 1975; 83.4 percent above the same 1974 period; and 73.1 percent above the 1973 period. In 1973, the United States imported 35.8 percent of its total domestic demand for petroleum. In 1974, this figure was 36.6 percent. Last year, 1975, the figure increased to 40 percent. Despite all of the clamor about "energy independence" our Nation's dependence on unreliable, foreign sources of petroleum is actually increasing.

There has also been a disturbing increase in the amount of oil we import from sources that have proven to be unreliable in the past. In 1973, 14.6 percent of our imported petroleum came from the Arab OPEC countries—Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates. In 1974, this figure decreased slightly to 12.3 percent. In 1975, this figure increased to 22.9 percent.

The fact that OPEC recently decided against an additional oil price increase should give us no sense of security. The disturbing fact is that OPEC could have then imposed an additional price increase and, most probably, will do so in the near future without the United States being able to do much, if anything, about it. We remain today—as we were at the time of the 1973 boycott—dangerously dependent upon OPEC for our vital energy supplies. Until this situation is corrected, our national security—as well as our economic well-being—will to a large extent, be subject to decisions made beyond our shores and over which we have no control.

Mr. President, I have regrettably come to two disturbing conclusions. First, we have failed as yet to put into place an effective energy policy for America. Second, we are doing very little right now toward the adoption of such a policy. We find ourselves in a position of policy paralysis with respect to energy, despite the fact that our national security and economic well-being depend greatly upon the implementation of an effective energy policy.

In order to rekindle our national resolve and to focus our thinking about energy, I am today proposing that the President of the United States convene a National Conference on America's Energy Policy. This conference should be held as soon as practical following the 1976 Presidential election, but no later than 60 days following the inauguration of the next President on January 20, 1977. For this purpose, I am introducing a joint resolution which requires approval by both the Senate and House of Representatives and which must be signed by the President. I propose the conference in this manner so as to secure from the national leadership a commitment to its call without regard to partisanship.

As set forth in section 2 of the joint resolution, the conference would consider alternative policies available to the United States in resolving the energy

problems confronting us. The conference would review our present situation, analyze our opportunities and difficulties, and construct proposals which would form the basis for an immediate national energy policy. In this process, the conference would consider the development of reliable sources of energy, the need for meaningful energy conservation, the economic, environmental, and international was well as domestic impact of specific energy proposals.

The participants should represent the broadest range of viewpoints and backgrounds—Members of Congress; Federal, State, and local government officials; representatives from energy companies, environmental and conservation organizations, organiped labor, consumer organizations, industrial and financial trade associations, and academic and scientific communities; and individual citizens with particular expertise in the energy field.

Section 3 of the joint resolution directs the President to establish a conference committee, composed of 15 individuals representative of conference participants, to plan the conference pursuant to Presidential guidelines. It provides for the staffing of the conference under the authority of and direction of the conference committee. The conference committee should be directed by the President to consult with interested citizens, organizations, and associations at every stage of planning and structuring the conference, in order to assure that the format and focus of the conference reflects the whole range of concerns and viewpoints regarding energy.

Section 6 of the joint resolution provides for the authorization of such sums of money as are necessary to carry out the provisions of the resolution. The Conference Planning Committee would have control over the cost of the Energy Conference, but it could be, and should be as inexpensive as possible. As in the case of past Presidential conferences, I anticipate that most of the participants would pay their own way in order to present their views at such a crucial symposium.

It is critical that our national leadership move ahead quickly after the Presidential and congressional elections of 1976 to develop a workable national energy policy. The conference should convene soon enough to lay the groundwork for a Presidential and congressional energy-policy initiative early in 1977. The recommendations of the conference should provide a springboard for the President and the Congress to achieve a truly comprehensive energy program for the country.

The main focus of this conference is to be the development of a near-term energy policy. While we have much to accomplish in the area of research and development for new energy sources and improved technology, the Nation's most urgent need is to put into place an energy policy which will assure reasonable economic growth, encourage meaningful conservation, and safeguard the environment over the next 10 years. The conference should concentrate on what should be done now to encourage greater domestic production of oil, gas and coal recognizing that the American economy and standard of living will continue to require enormous amounts of energy.

We need to review and analyze the impact of present Government policies including oil and gas price control, Federal coal-mining regulation, and Federal tax provisions—to determine their impact on America's energy situation. Although the 94th Congress enacted the Energy Policy and Conservation Act of 1975 and has worked hard on other legislation affecting energy, we do not have either a clear understanding of the resulting impact of the present energy legislation or the proper future role of Government regulation in the energy field.

The conference should give attention to at least five areas which bear upon the formulation of a national energy policy. These areas are: The worldwide energy situation, energy resources in the United States, the social, economic, and political implications of energy policy options, the environmental implications of energy policy options, and energy conservation. Each of these areas interrelate and these relationships should also be explored.

Most Americans realize that there can be no consideration of America's energy needs without reference to the international energy situation. The OPEC cartel controls crucial production and pricing levels. To a great extent, the economies of the industrial West and Japan and the survival and development capabilities of the Third World are tied to OPEC supplies. The possibility of changing this control seems remote, therefore, we have to review the international situation carefully in the process of developing a national energy policy.

The conference will want to study our own American energy resources. Our highly developed technological capabilities and our abundant natural resources give the United States a unique position among industrialized nations in meeting future energy needs. Taken together and properly fastened, we may have sufficient sources of oil, gas, coal, and nuclear power to meet our energy needs in the near future. How wisely we use these resources and technology will in large part determine our future economic development and national security.

There is a price to be paid for new energy development or the lack thereof. The impact of alternative energy policies on our way of life must be recognized. It is incumbent upon us as a people to chart a course somewhere between ill-considered development and no development at all. The conference must address these matters.

There is strong sentiment that energy development in this country must not be undertaken without first carefully considering the impact on the environment. We have already paid a high price for the random energy development practices of the past. Only the orderly and intelligent use of the Nation's energy resources can provide for continued economic development without ruining our precious natural heritage. The national leadership Conference on Energy Policy should review carefully the relationship between the need for energy development and the imperative of preserving the environment.

Additionally, Mr. President, the conference must look to energy conservation. No nation wastes more energy than the United States. A significant amount of our consumption is mindlessly lost without purpose. As yet, neither the Federal Government nor State governments have implemented an effective energy conservation program. Consumption levels must be reduced, however, without undue disruptions to the essential requirements of our economy and standard of living. What we need, and what the conference should work toward is a practical and equitable conservation program for the country that will have the support of the American people.

Mr. President, we cannot afford to wait for another boycott, or outrageous price increases, or a freezing winter to jolt us into action. We need a comprehensive energy program now. Waiting earns us nothing and may cost us plenty in lost jobs, another round of inflation, and low national morale.

Our energy problems are serious—and they are not going away by wishful thinking. Let us marshal our resources—our advanced technology, our material abundance, our diplomatic skills, and our "can do" spirit—and direct them toward our most critical continuing dilemma—energy. To do less is to invite disaster.

At the same time all this is taking place, the only call that the Senator from Florida has observed of caution and warning took place today, in a press dispatch by Reuters from Tokyo, in which Frank Zarb, the head of the Federal Energy Administration, warns of the possibility of another embargo on oil supplies.

Mr. President, for all these reasons, the resolution I have submitted today, calling for what amounts to a summit conference on energy, should be agreed to and implemented.

There are two ways in which we can refocus our attention on energy. One is by an embargo or an oil squeeze imposed from abroad. The other way is as self-starters, knowing of our problem and doing something about it.

The leadership conference I am proposing today would be chaired by the President-elect, participated in by the Members of the Senate and the House joint conference on the energy bill that we passed in December of 1975, as well as leaders in the energy field and experts in the areas on which energy impacts.

Several years ago, Congress called for an economic summit. It was chaired by the newly selected President, selected by the constitutional process. That summit conference led to significant Presidential and congressional moves which may well have provided the impetus for the recovery we are beginning to enjoy today.

The Senator from Florida hopes that through a summit leadership conference on energy, properly attended and covered by our national press, we can focus our deserved attention on the energy problems, with a view toward solving them. Without that kind of focus, without that kind of attention, the attention will be drawn to our problems only by a renewed squeeze.

I hope we have the good sense to choose to solve our own problems rather than be faced with a boycott and the pressures of having to solve these problems under the gun.

Mr. President, I have a series of charts, graphs, and newspaper articles that I would like to include in the RECORD. I ask unanimous consent that these materials and the text of the joint resolution be printed at this point in the RECORD, together with the press dispatch I referred to.

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

S.J. RES. 206

Whereas, the United States continues to face critical problems relating to energy, despite enactment in 1975 of the Energy Policy and Conservation Act;

Whereas, because of insufficient development of reliable domestic energy sources, such as oil, gas, and coal, and insufficient energy conservation programs, United States dependence on unreliable foreign energy sources has continued to increase during 1976;

Whereas, the Nation's security, economic vitality, and environmental well-being depend upon the adoption of a comprehensive energy policy to resolve these problems; and

Whereas, the successful development and implementation of such a policy requires the active support of the American people and the cooperation of all levels and branches of government: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President shall call a National Leadership Conference on Energy Policy (hereafter in this joint resolution referred to as the "Conference") to convene in Washington during 1977. The President shall, not later than April 1, 1977, announce the beginning date of the Conference.

SEC. 2. (a) It shall be the purpose of the Conference to consider alternative policy approaches available to the United States with respect to energy. In particular, the Conference shall develop specific proposals to increase the supply of energy from reliable sources with minimum impact on the environment, and decrease domestic energy demand in ways not harmful to America's economic recovery, which shall form the basis for the adoption of a national energy policy to be implemented during 1977 and thereafter.

(b) The Conference shall be composed of, and bring together—

(1) Members of the Congress and Federal, State, and local government officials with responsibility over energy policies and programs;

(2) representatives of energy industries, especially industries involved in producing oil, gas, and coal;

(3) representatives of public utilities;

(4) representatives of environmental and conservation organizations;

(5) representatives of consumer organizations;

(6) representatives of industrial and financial trade associations;

(7) representatives of organized labor;

(8) representatives of the academic and scientific communities; and

(9) individual citizens with particular expertise in the energy field.

SEC. 3. (a) Within 15 days after January 22, 1977, the President shall appoint a committee which shall make all necessary arrangements and preparations for the Conference. The committee shall consist of 15 members and shall, insofar as possible, be representative of members of the Conference. The President shall designate one of the members of the committee to serve as chairman and one to serve as vice chairman.

(b) The committee shall prepare and make available background materials for the use of members of the Conference.

(c) The committee is authorized—

(1) to request the cooperation and assistance of other Federal departments and agencies in order to carry out its responsibilities, and

(2) to employ such personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard to chapter 51, and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates, but no individual so employed may be paid compensation at a rate higher than the annual rate of level V of the Executive Schedule under section 5316 of such title.

(d) Each Federal department and agency is authorized and directed to cooperate with and provide assistance to the committee upon its request.

SEC. 4. Members of the Conference and members of the committee shall, when attending the Conference or when attending to the business of the committee, as the case may be, and away from their homes or regular places of business, be allowed travel expenses, including per diem in lieu of subsistance, as may be authorized under section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

SEC. 5. A final report of the Conference, containing such findings and recommendations as may be made by the Conference, shall be submitted to the President not later than 60 days following the close of the Conference, which final report shall be made public and, within 30 days after its receipt by the President, transmitted to the Congress together with a statement of the President containing the President's recommendations with respect to such report.

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this joint resolution.

APPENDIX TO ENERGY CONFERENCE SPEECH

A. GRAPHS AND CHARTS

1. U.S. Demand Situation—Oil and Gas Products.
2. Drilling Activity in U.S.
3. Barrels of Oil Produced Domestically.
4. U.S. Crude Production vs. U.S. Crude Imports.
5. U.S. Total Petroleum Imports (1960–1976).
6. U.S. Petroleum Imports by Country (1973–1976).
7. U.S. Imports.
8. U.S Refinery Operations.

B. EDITORIALS

1. "Energy, a Return to Complacency?", Ulf Lantske, *Washington Post*, May 21, 1976.
2. "Energy Problems Neglected Too Long", *The Oil Daily*, June 2, 1976.
3. "Issues 76: Energy", *New York Times*, March 30, 1976.
4. "Energy Crisis Growing", Louis Rukeyser, McNaught Service.

TABLE. 1—U.S. DEMAND[1] SITUATION

[Thousands of barrels per day

4 week ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976-75	1976-74	1976-73
Motor gasoline	7,178	6,717	6,396	6,876	+6.9	+12.2	+4.4
Distillate	2,671	2,848	2,749	2,575	−6.2	−2.8	+3.7
Residual	2,172	2,081	2,390	2,496	+4.4	−9.1	−13.0
Kerosine	137	141	141	149	−2.8	−2.8	−8.1
Jet fuel—Naphtha	214	225	205	218	−4.9	+4.4	−1.8
Jet fuel—Kerosine	711	860	708	934	−17.3	+.4	−23.9
Total, 6 products	13,083	12,872	12,589	13,248	+1.6	+3.9	−1.3
Other products[2]	2,983	2,711	3,020	3,157	+10.0	−1.2	−5.5
Total, demand	16,066	15,583	15,609	16,405	+3.1	+2.9	−2.1
Year to Date (19 reports)							
Motor gasoline	6,733	6,383	6,070	6,375	+5.5	+10.9	+5.6
Distillate	3,464	3,479	3,430	3,434	−.4	+1.0	+.9
Residual	2,678	2,759	2,689	3,141	−2.9	−.4	−14.7
Kerosine	194	214	229	256	−9.4	−15.3	−24.2
Jet fuel—Naphtha	214	206	219	214	+3.9	−2.3	
Jet fuel—Kerosine	815	812	736	862	+.4	+10.7	−5.5
Total, 6 products	14,098	13,853	13,373	14,282	+1.8	+5.4	−1.3
Other products[2]	3,221	2,959	3,155	3,274	+8.9	+2.1	−1.6
Total, demand	17,319	16,812	16,528	17,556	+3.0	+4.8	−1.4

[1] "Demand" is defined as disappearance from primary supply.
[2] Other products estimation based on U.S. BOM historical data.

Source: API Weekly Statistical Bulletin.

BARRELS OF OIL PRODUCED DOMESTICALLY

1972 total of 3.5-b barrels of oil produced domestically—per rate, 9,441,000 per day.

1973—total of 3.4-b barrels of oil produced domestically—per rate, 9,208,000 per day.

1974—total of 3.2-b barrels of oil produced domestically—per rate, 8,774,000 per day.

1975—total of 3.05-b barrels of oil produced domestically—per rate, 8,362,000 per day.

1976—(estimated) approximately 1.25-b barrels per daily average of 8,140,000.

Source: A.P.I. Weekly Statistical Bulletin.

TOTAL U.S. PETROLEUM IMPORTS BY COUNTRY OR AREA SOURCE

[Thousands of barrels per day]

	January	February	March	April	May	June	July	August	September	October	November	December	12 mo Average	12 mo Percent of imports
1975														
OPEC:														
Algeria	280	239	296	226	345	347	347	269	284	236	296	211	282	4.6
Iraq					7			16	3	3			3	.1
Kuwait	17	38	36	4	12	24	2	1	11	19	11	12	15	.2
Libya	19	82	175	125	211	183	248	407	456	236	276	355	232	3.9
Qatar	56		25	1	5		10	17		27		11	18	.3
Saudi Arabia	848	795	637	428	335	501	588	748	731	961	934	1,075	715	11.9
United Arab Emirates	47	106	112	70	125	77	107	260	216	93	69	114	116	1.9
Total Arab OPEC	1,267	1,260	1,281	854	1,040	1,132	1,362	1,718	1,701	1,576	1,586	1,778	1,381	22.9
Ecuador	53	59	31	39	83	48	77	39	70	41	50	94	57	.9
Gabon	4	38	77	17	21	59	27	18	28	18	11	13	28	.5
Indonesia	294	319	286	351	359	481	463	472	443	402	397	390	389	6.4
Iran	394	298	181	346	256	232	218	203	277	311	473	186	280	4.7
Nigeria	882	846	836	619	643	619	715	804	817	773	802	785	762	12.6
Venezuela	1,016	753	722	824	801	711	679	522	624	515	585	622	698	11.6
Total non-Arab OPEC	2,643	2,313	2,133	2,196	2,163	2,150	2,179	2,058	2,259	2,060	2,318	2,090	2,213	36.7
Total OPEC	3,910	3,573	3,414	3,050	3,203	3,282	3,481	3,776	3,960	3,636	3,904	3,868	3,594	59.6
OPEC as percent of total imports	(57.2)	(57.9)	(59.6)	(60.6)	(61.9)	(60.7)	(58.2)	(60.3)	(58.2)	(57.7)	(61.4)	(62.1)	(59.6)	
Canada	949	855	747	704	574	873	889	888	918	946	893	907	845	14.0
Mexico	20	46	38	37	86	72	85	71	98	105	106	85	71	1.2
Central America/Caribbean	1,440	1,180	1,113	848	879	830	984	953	1,052	945	792	837	987	16.4
South America	244	301	227	192	272	217	312	298	299	254	294	269	265	4.4
Europe	86	46	63	59	33	11	57	74	174	194	196	65	89	1.5
Africa	114	82	53	103	92	53	102	117	106	72	51	102	88	1.5
Asia	35	58	48	24	23	20	20	36	61	43	47	44	38	.6
Middle East	23	11	7	8	7	21	18	38	84	33	24	16	18	.3
Communist Nations	19	24	20	8	7	28	33	8	53	69	55	34	30	.5
Total non-OPEC	2,930	2,603	2,316	1,983	1,973	2,125	2,500	2,483	2,845	2,661	2,458	2,359	2,431	40.4
Eastern Hemisphere	3,118	2,984	2,852	2,389	2,481	2,655	2,955	3,488	3,744	3,491	3,641	3,414	2,923	48.5
Western Hemisphere	3,722	3,192	2,878	2,644	2,695	2,752	3,026	2,771	3,061	2,806	2,721	2,813	3,102	51.5
Total imports	6,840	6,176	5,730	5,033	5,176	5,407	5,981	6,259	6,805	6,297	6,362	6,227	6,025	100.0
Total U.S. domestic demand	17,983	17,084	16,316	16,041	15,118	15,611	15,762	15,767	15,765	16,344	15,721	17,989	16,291	
Imports as a percent of domestic demand	(38.0)	(36.2)	(35.1)	(31.4)	(34.2)	(34.6)	(37.9)	(39.7)	(43.2)	(38.5)	(40.5)	(34.6)	(40.0)	
OPEC imports as a percent of domestic demand	(21.7)	(20.9)	(20.9)	(19.0)	(21.2)	(21.0)	(22.1)	(23.9)	(25.1)	(22.2)	(24.8)	(21.5)	(22.0)	
Arab OPEC imports as a percent of domestic demand	(7.0)	(7.4)	(7.9)	(5.3)	(6.9)	(7.3)	(8.3)	(10.9)	(10.8)	(9.6)	(10.1)	(9.9)	(8.4)	
1974														
OPEC:														
Algeria		3	8	120	239	351	326	209	264	290	208	252	190	3.1
Iraq														
Kuwait				2	1	4	3	33			16	5	5	.1
Saudi Arabia	21	39	86	66	592	671	621	606	544	754	742	760	461	7.6
Libya	1	17	5	8	4				20				4	.1
Qatar					5		35	10	23	65	44	14	16	.2
United Arab Emirates	10			14	85	159	141	199	112	58	25	38	71	1.2
Total Arab OPEC	32	59	99	210	916	1,185	1,126	1,057	963	1,167	1,035	1,069	747	12.3
Ecuador	61	38	64	58	65	76	16	16	23	46	20	22	42	.7
Gabon				11	24	22	10	43	52	81	23	13	24	.4
Indonesia	172	419	265	376	281	265	336	225	331	232	340	374	300	4.9
Iran	467	337	381	617	580	552	567	486	436	398	349	445	469	7.7
Nigeria	466	357	549	711	720	735	868	910	789	708	1,031	692	713	11.7
Venezuela	1,093	1,125	1,102	987	787	778	878	874	956	1,054	1,116	1,015	980	16.1
Total non-Arab OPEC	2,259	2,276	2,361	2,760	2,457	2,428	2,675	2,554	2,587	2,519	2,879	2,561	2,528	41.5
Total OPEC	2,291	2,335	2,460	2,970	3,373	3,613	3,801	3,611	3,550	3,686	3,914	3,630	3,275	53.8
OPEC as a percent of total imports	(42.8)	(44.7)	(47.2)	(49.7)	(52.0)	(56.3)	(58.6)	(56.8)	(59.0)	(59.9)	(58.3)	(54.6)	(53.8)	
Canada	1,180	1,177	1,111	1,177	1,226	987	944	988	991	975	966	1,097	1,068	17.5
Mexico	25	4	19	4		1		13	4	5	19	6	8	.1
Central America Caribbean	1,317	1,229	1,073	1,005	1,188	1,150	1,100	1,186	1,064	1,111	1,221	1,258	1,157	19.0
South America	239	204	208	273	283	344	315	308	215	194	246	302	261	4.3
Europe	174	223	248	321	237	143	139	119	63	54	181	10	167	2.8
Africa	52	14	20	121	129	109	58	77	78	72	66	72	75	1.2
Asia	32	14	32	19	32	28	39	20	24	33	23	40	28	.5
Middle East			16	16	5	27	44	14	26	12	23	29	18	.3
Communist Nations	45	21	28	64	15	16	9	21	7	9	54	76	30	.5
Total non-OPEC	3,064	2,886	2,775	3,000	3,115	2,805	2,688	2,746	2,472	2,465	2,799	3,020	2,812	46.2
Eastern Hemisphere	1,440	1,445	1,638	2,465	2,938	3,082	3,236	2,972	2,769	2,767	3,125	2,950	2,571	42.2
Western Hemisphere	3,915	3,776	3,577	3,505	3,550	3,336	3,253	3,385	3,253	3,384	3,588	3,700	3,516	57.8
Total imports	5,355	5,221	5,215	5,970	6,488	6,418	6,489	6,357	6,022	6,151	6,713	6,650	6,087	100.0
Total U.S. domestic demand	17,270	17,371	16,0 5	15,919	15,720	16,176	16,301	16,546	15,994	17,025	17,215	17,997	16,629	
Imports as a percent of domestic demand	(31.0)	(30.1)	(32.5)	(37.5)	(41.3)	(39.7)	(39.8)	(38.4)	(37.7)	(36.1)	(39.0)	(37.0)	(36.6)	
OPEC imports as a percent of domestic demand	(13.3)	(13.1)	(14.7)	(18.7)	(21.5)	(22.3)	(23.3)	(21.8)	(22.2)	(21.7)	(22.7)	(20.2)	(19.7)	
Arab OPEC as a percent of domestic demand	(0.2)	(0.3)	(0.6)	(1.3)	(5.8)	(7.3)	(6.9)	(6.4)	(6.0)	(6.9)	(6.0)	(5.9)	(4.5)	
1973														
OPEC:														
Algeria	177	177	142	115	183	159	157	137	155	147	62	1	134	2.2
Iraq								11	17	12			4	.1
Kuwait	59	44	57	60	66	58	19	57	44	66			42	.7
Saudi Arabia	372	270	401	312	416	461	659	682	626	788	635	196	486	7.8
Libya	152	230	211	185	177	98	179	184	194	203	139	24	164	2.6
Qatar						6		12	41	18	9	3	7	.1

	January	February	March	April	May	June	July	August	September	October	November	December	12 mo Average	12 mo Percent of imports
United Arab Emirates	10	39	162	75	58	80	102	64	88	62	107	(2)	71	1.1
Total Arab OPEC	770	760	973	737	900	862	1,116	1,147	1,165	1,286	952	224	908	14.6
Ecuador	41	80	26	86	18	44	38	62	40	49	38	62	48	.8
Gabon														
Indonesia	110	152	229	137	230	259	279	209	284	181	207	270	213	3.4
Iran	71	149	155	109	258	261	233	264	215	250	254	447	223	3.6
Nigeria	410	454	427	488	427	421	487	471	418	516	448	535	459	7.4
Venezuela	1,058	1,134	1,118	922	993	861	1,157	1,156	1,309	1,086	1,336	1,374	1,126	18.2
Total non-Arab OPEC	1,690	1,969	1,955	1,742	1,926	1,846	2,194	2,162	2,266	2,082	2,283	2,688	2,069	33.4
Total OPEC	2,460	2,729	2,928	2,479	2,826	2,708	3,310	3,309	3,431	3,368	3,235	2,912	2,977	48.0
OPEC as a percent to total imports	(42.3)	(42.8)	(44.5)	(44.4)	(48.6)	(46.1)	(53.6)	(50.9)	(53.8)	(51.6)	(47.1)	(49.0)	(48.0)	
Canada	1,378	1,456	1,399	1,482	1,333	1,287	1,249	1,228	1,280	1,240	1,304	1,137	1,313	21.1
Mexico	12	32	17	33	8	13			20	12	22	16	15	.2
Central America, Caribbean	1,387	1,326	1,306	993	1,069	1,208	1,006	1,197	985	1,103	1,309	1,296	1,182	19.1
South America	315	235	357	268	262	277	246	313	255	229	303	246	276	4.5
Europe	128	441	398	199	134	199	198	252	278	309	376	172	255	4.1
Africa	55	25	69	76	74	105	92	138	29	147	113	81	84	1.4
Asia	49	64	31	20	32	20	51	32	50	49	66	47	42	.7
Middle East	14	10	19	20	51	14	14	5	15	30	87	4	24	.4
Communist Nations	13	56	51	18	28	48	6	32	31	38	49	34	33	.5
Total non-OPEC	3,351	3,645	3,647	3,109	2,991	3,171	2,862	3,197	2,943	3,157	3,629	3,033	3,224	52.0
Eastern Hemisphere	1,620	2,111	2,352	1,804	2,134	2,189	2,476	2,548	2,484	2,806	2,555	1,813	2,241	36.1
Western Hemisphere	4,191	4,263	4,223	3,784	3,683	3,690	3,696	3,958	3,890	3,719	4,309	4,132	3,960	63.9
Total imports	5,811	6,374	6,575	5,588	5,817	5,879	6,172	6,506	6,374	6,525	6,864	5,945	6,201	100.0
Total U.S. domestic demand	18,713	19,094	17,216	15,921	16,626	16,481	16,372	17,499	16,656	17,202	18,492	17,538	17,308	
Imports as a percent of domestic demand	(31.1)	(33.4)	(38.2)	(35.1)	(35.0)	(35.7)	(37.7)	(37.2)	(38.3)	(37.9)	(37.1)	(33.9)	(35.8)	
OPEC imports as a percent of domestic demand	(13.1)	(14.3)	(17.0)	(15.6)	(17.0)	(16.4)	(20.2)	(18.9)	(20.6)	(19.6)	(17.5)	(16.6)	(17.2)	
Arab OPEC imports as a percent of domestic demand	(4.1)	(4.0)	(5.7)	(4.6)	(5.4)	(5.2)	(6.8)	(6.6)	(7.0)	(7.5)	(5.2)	(1.3)	(5.2)	

[1] Less than 1/10 of 1 percent.

[2] Less than 100 barrels per day.

Source: USBOM.

TABLE 4.—U.S. IMPORTS

[Thousands of barrels per day]

4 weeks ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976/75	1976/74	1976/73
Crude oil	4,785	3,476	3,562	3,240	+37.7	+34.3	+47.7
Motor gasoline	103	103	241	66		−57.3	+56.1
Distillate	87	160	261	229	−45.6	−66.7	−62.0
Residual	877	942	1,690	1,564	−6.9	−48.1	−43.9
Jet fuel—Naphtha	23	20	10	23	+15.0	+130.0	
Jet fuel—Kerosene	71	147	136	190	−51.7	−47.8	−62.6
Other products	259	279	511	467	−7.2	−49.3	−44.5
Total products	1,420	1,651	2,849	2,539	−14.0	−50.2	−44.1
Total imports	6,205	5,127	6,411	5,779	+21.0	−3.2	+7.4
Year to date (19 reports)							
Crude oil	4,993	3,682	2,722	2,885	−35.6	+83.4	+73.1
Motor gasoline	127	133	178	65	−4.5	−28.7	+95.4
Distillate	178	247	316	340	−27.9	−43.7	−47.7
Residual	1,268	1,369	1,689	2,095	−7.4	−24.9	−39.5
Jet fuel—Naphtha	25	30	11	19	−16.7	+127.3	+31.6
Jet fuel—Kerosene	91	135	141	162	−32.6	−35.5	−43.8
Other products	310	315	454	397	−1.6	−31.7	−21.9
Total products	1,999	2,229	2,789	3,078	−10.3	−28.3	−35.1
Total imports	6,992	5,911	5,511	5,963	+18.3	+26.9	+17.3

Source: API Weekly Statistical Bulletin.

TABLE 3.—U.S. REFINERY OPERATIONS

[Thousands of barrels per day]

4 week ending	May 7, 1976	May 9, 1975	May 10, 1974	May 11, 1973	Percentage change 1976/75	1976/74	1976/73
Operable capacity	15,139	15,027	14,230	13,618	+0.7	+6.4	+11.2
Input to crude oil processing units	12,997	12,235	12,341	NA	+6.2	+5.3	NA
Percent capacity utilized [1]	85.9	81.4	86.7	NA			
Crude oil runs	12,661	11,765	11,835	12,106	+7.6	+7.0	+4.6
Percent capacity utilized [2]	83.6	78.3	83.2	88.9			
Production:							
Motor gasoline	6,598	6,009	6,264	6,516	+9.8	+5.3	+1.3
Distillate	2,589	2,439	2,594	2,489	+6.2	−.2	+4.0
Residual	1,270	1,212	873	891	+4.8	+45.5	+42.5
Kerosene	143	158	116	197	−9.5	−23.3	−27.4
Jet fuel—Naphtha	206	199	189	183	+3.5	+9.0	+12.6
Jet fuel—Kerosene	691	680	645	684	+1.6	+7.1	+1.0
Year to date (19 reports) week ending							
Operable capacity	15,120	14,989	14,149	13,535	+.9	+6.9	+11.7
Input to crude oil processing units	13,161	12,506	11,980	NA	+5.2	+9.9	NA
Percent capacity utilized [1]	87.0	83.4	84.7	NA			
Crude oil runs	12,795	12,011	11,470	12,171	+6.5	+11.6	+5.1
Percent capacity utilized [2]	84.6	80.1	81.1	89.9			
Production:							
Motor gasoline	6,549	6,232	6,036	6,234	+5.1	+8.5	+5.1
Distillate	2,737	2,625	2,561	2,743	+4.3	+6.9	−.2
Residual	1,336	1,303	953	971	+2.5	+40.2	+37.6
Kerosene	173	194	164	259	−10.8	+5.5	−33.2
Jet fuel—Naphtha	184	176	215	192	+4.5	−14.4	−4.2
Jet fuel—Kerosene	737	676	621	712	+9.0	+18.7	+3.5

[1] New API definition.

[2] Old API definition.

Source: API Weekly Statistical Bulletin.

[From the Washington Post, May 21, 1976]

ENERGY: A RETURN TO COMPLACENCY?

(By Ulf Lantzke)

The energy problem is still very much with us and could well become a burning issue very soon again. Oil reserves are limited and one can foresee the world again getting into a supply/demand situation similar to that of late 1973 with its higher prices and periodic shortages. This could lead, in the long-term, perhaps even in my lifetime, to a situation where there simply will not be enough energy available to sustain economic and social progress unless something is done about it and soon.

The greatest danger is public complacency. In the '60s the world grew accustomed to the idea of an abundant supply of energy at low prices that would be available indefinitely. But the harsh realities of the 1973–74 energy crises with its long lines at gas stations and, more seriously with increased unemployment and accelerated inflation, which brought world economic progress to a halt, brusquely brought home the fragility of the existing structure of energy suppy, demand and prices.

It was this crisis that generated the Washington conference of February 1974, called at Secretary of State Kissinger's initiative, which in turn led to the creation of the International Energy Agency, an autonomous body of 18 nations of the industrialized world based in Paris within the framework of the Organization for Economic Cooperation and Development (OECD).

Since its founding in November 1974, IEA has galvanized its members' national efforts to use energy resources more economically and to enlarge energy choices. More than that, a demonstrable increase in international cooperation and commitment has already been achieved within the IEA. Contrary to the situation in 1973, a political platform in now available where industrialized countries can discuss and decide upon intricate energy issues. An emergency sharing system in case of oil shortages has been worked out and a comprehensive longterm program has been agreed to that covers conservation, the development of alternative energy resources, and cooperative energy research and development efforts. As an active observer in the north-south dialogue, the IEA has submited a number of basic analytical papers that have provided an objectives basis for discussion.

Thus, substantial progress has already been made in the IEA. But this is not enough.

Unfortunately, the world is in danger of once again slipping back into the complacency of the '60s. Short term supply difficulties have been overcome and over-capacity currently exists. National economies are again on the upswing and the inflation rate is abating. The public seems to have become accustomed to higher prices and to the confortable feeling that the energy crisis has ended.

It cannot be emphasized too strongly that this is a very dangerous illusion. Energy cannot be looked upon as a short-term problem. It is very much a medium and longterm issue that requires action now.

Barring further unexpected political or economic developments, it seems clear that the rate of economic growth and energy demand will continue upward, possibly resulting in a renewed seller's market as early as 1970. It may sound nightmarish but one can easily imagine a number of scenarios resulting in a shortage of oil in the medium term even without a political crisis in the Middle East.

In the long term, we must face the fact that we are going to run out of depletable energy resources—the availability of oil has limitations that can already be calculated. We must take immediate steps to change the bulk of our energy supply from oil and other non-renewable resources to renewable resources such as solar, nuclear fusion, and geothermal power.

This obviously cannot be done overnight due to the long lead times required for the development of new technologies. Economic implementation of nuclear energy, for example, required 30 years from the time of the first pilot plant.

It is clear that current efforts are not sufficient to avoid severe energy shortages early in the 21st century and corresponding economic and social consequences. Efforts must be stepped up:

1) We must make a realistic assessment of the energy situation, going beyond the usual formulation of future world energy scenarios. Concrete targets must be bet and reached in the short, medium, and longer term.

2) We must take stock of existing energy and related economic structures both on a national and international level and build and improve upon them. The necessary changes must be made smoothly, without creating additional frictions damaging to harmonious, economic progress.

3) Market principles will have to be reinforced and stimulated by policy action and incentives.

In concrete terms, what does this mean?

First, we must move away as quickly as possible from the highly dangerous course of a one-sided energy economy based on oil if we are to avoid the economic and social breakdown from which the world has just escaped. OPEC countries cannot be expected to act as the ultimate balance for energy supply and demand indefinitely. Quite independently of general political considerations, individual OPEC countries will limit their production for quite sound and valid economic reasons, just as industrialized countries also do with their resources.

But we must be realistic and recognize that nuclear power and coal are the only real alternatives to oil over the short and medium term. "Solar," "fusion," "geothermal," etc., cannot be a panacea to our problems for, at the very least, another 20 or 30 years. Therefore a far more positive approach must be taken toward the accelerated development of coal and nuclear power, in tandem with increased efforts to satisfactorily resolve attendant environmental and safety problems.

Second, we must stop looking upon energy as an abundant, wasteable resource. Public awareness of the need for energy conservation must be increased and people's habits and attitudes toward energy consumption must be significantly altered. Industry must look at its consumption habits and patterns. Industry also must seize the opportunity for new markets for already existing conservation equipment and more energy efficient appliances. Government policies must be implemented to provide the proper incentives, and where necessary, regulation for eliminating wasteful consumption. Energy conservation does not have to mean a reduced standard of living. On the contrary, it may well lead to better health and well-being.

Third, "solar," "fusion," "geothermal," etc., must be assessed for their longterm value and developed into an economically viable energy source for the 21st century. But they won't be unless hard, intensive and costly efforts are begun today to lay the groundwork for resolving the many complex problems that still stand in the path of widespread use.

Fourth, as we have seen, there already have been radical changes in energy structures as the decisionmaking power for oil production and pricing has shifted from the oil companies and purely market forces to the oil producing countries. Further changes can be anticipated—the growth in national oil companies and the even greater involvement of both producer and consumer governments. We must channel these changes in such a way as to avoid frictions and a dangerous loss of flexibility in the world energy market.

The changing relationship between government and industry, the modified role of the market, and the increased complexity, cost, and lead times for energy exploration and development cast doubt on whether purely market forces can, by themselves, assure sufficient energy supplies in the future. We have to create a reliable investment climate and encourage increased energy investment. We must avoid the atmosphere of uncertainty that has already been created by the new power achieved by OPEC, and that has been aggravated by the uncertain energy policies of some industrialized nations.

The task ahead for all of us is a difficult one, but it can and must be done. Public complacency and lack of international understanding and cooperation are principal obstacles. The opportunity and time is now for the industrialized countries, in close cooperation with the oil producing and energy deficient developing countries to make substantial progress toward solving our medium and long energy problems.

[From the Oil Daily, June 2, 1976]

ENERGY PROBLEMS NEGLECTED TOO LONG

SAN FRANCISCO.—"The U.S. has neglected its enegy problems far too long to reverse its growing dependence on imported oil in the near future."

The quote is from an energy study prepared by Standard Oil Co. of California, which says it seems almost certain that U.S. oil imports will continue to grow, at least until 1985.

The study pointed out that U.S. energy needs grew at the rate of 4.3% a year between 1960 and 1973. However, because of slower economic expansion and energy conservation, SoCal expects energy consumption to increase only about 3% a year in the future.

The study pointed out that U.S. energy lar energy misconceptions": (1) that the nation can solve its energy problems principally by reducing its consumption and, (2) that it can switch rapidly to new energy sources.

"Increasing the efficiency of our energy use can and will contribute importantly to a favorable energy balance in the U.S." the study stressed. It pointed out, however, that conservation can do only part of the job.

"We cannot arbitrarily place severe limits on energy growth without seriously damaging our economy," it said.

The often cited new energy sources (solar, nuclear, fusion, geothermal, etc.) cannot contribute significantly to the energy supply in the next 10 years—and perhaps not very much before the turn of the century, according to the study which pointed out the long lead times required to develop the technology, then to place these sources into wide use.

Some points made by the SoCal energy report:

Nuclear: Despite construction, regulatory and siting delays which have plagued it, nuclear energy has the potential to expand rapidly to provide 10% of the total U.S. energy needs by 1985, compared to about 2% currently.

Coal: Because of serious obstacles limiting coal development and use, SoCal expects coal consumption to increase by only 65% between 1975 and 1985 to supply about one fifth of U.S. energy needs.

Natural gas: As early as 1980, the U.S. will be getting only about one-fifth of its energy from natural gas, compared to about one-third in the early 1970's. Only 40% of total U.S. natural gas production will be coming from currently developed reserves by 1985. Most of the remaining 60% must come from new and high-cost discoveries in deep

onshore wells, from arctic regions and the outer continental shelf.

Oil: SoCal expects the decline in U.S. oil production to continue until 1977 or 1978 when Alaska North Slope oil will begin moving to domestic markets. Then for a few years, U.S. production will increase slightly to reach a level just over that attained in the early 1970's.

It is significant, the SoCal study pointed out, that by 1985 more than 40% of U.S. oil production will have to come from expensive new "assisted recovery" projects (using water, steam, gas and other means to drive more oil out of producing fields) and from new discoveries.

New discoveries, the study stressed, are most likely to occur in "frontier" areas such as those of Alaska and the outer continental shelf, where operating conditions are difficult and costs are exceedingly high.

The feasibility of finding new oil, and making old oilfields produce more, the study concluded, depends largely on economics—the price of oil, the cost of producing it, taxes the oil industry must pay, etc.

[From the New York Times, Mar. 30, 1976]

ISSUES '76: ENERGY

The term of the next President will in all likelihood bridge the transformation of this country from a carefree squanderer of energy, as it long has been, into an acutely energy-conscious society of the kind that rising costs and scarcity are forcing it to become.

Congress and the Ford Administration have vast unfinished work in fashioning a coherent energy policy in the months before the election; the modest energy bill that finally emerged, after a full year of hauling and screaming, scarcely begins to address critical and specific issues involved in balancing the energy budget.

In the election campaign, however, the longer-term challenge should define the debate among the candidates. How is this far-reaching transformation of a social structure and ethic to be accomplished? Can the burdens and benefits be made to fall equitably across the whole population, or will some segments be squeezed for the enrichment of others? Will, indeed, the transformation proceed under measured policy direction or continue as before by default, by a haphazard interplay of the competing interests and values?

First priority in any long-range energy policy must go to conservation, to reducing the demand side of the energy equation by eliminating wasteful practices and improving the efficiency with which energy is produced, delivered and employed. Study after study has shown conservation of existing energy resources to be the most effective and readily available "new source" of supply to meet urgent needs.

Conserving energy, no less than the parallel means of expanding supply by increasing production, involves agonizing tradeoffs. Candidates like President Ford, who have relied primarily upon the price mechanism and theoretical free-market behavior to discourage consumption, offer a straightforward and blunt formula: If the price is higher, people will use less. But this policy forces hardships indiscriminately upon poorer segments of the population and upon essential and socially beneficial consumption of energy as well as on wasteful uses.

The alternative to the price mechanism is Government direction—regulation, subsidies, controls. These techniques offer ways of distributing the burdens of scarcity where they can best be carried and of emphasizing the broad social interest in energy-related decisions as they are made. They also invite bureaucratic bungling, inefficiencies and loopholes from which the most nimble could benefit in more than fair share.

The obvious device that combines these two alternatives is a high gasoline tax—politically unpopular and requiring rare courage from the candidate who dares to advocate it. The price would rise, with all the conservation inducements that would provide; the extra revenues would go, not to the oil companies, but to the Federal Treasury which could then pump them back into society through rebates to the low-income groups and to consumers most reliant upon gasoline for their livelihood, and also through some form of subsidies to energy producers and technologies showing most promise of national benefit.

Energy policymaking is plagued by the necessity, in the words of the Brookings Institution, "to sort out real from imaginary problems and real from imaginary choices." The choice between solar and nuclear power, for instance, is imaginary. Both can play their roles in supplying this country's energy; candidates may well differ on the relative reliance to be placed on each.

One of the most prevalent, but imaginary, policy problems is the one contained in the catch phrase, "ending reliance on imported oil." As a practical matter, there are virtually no energy experts who believe that total self-sufficiency is even possible for this country under existing technology; nor, weighing the economic, social and environmental costs involved in massive expansion of domestic energy supplies, is elimination of all oil imports necessarily desirable.

Instead of echoing the outmoded rhetoric of President Nixon's Project Independence, this country's next leaders would do far better to evolve specific programs for a Project Interdependence, in which oil producers and importers would share genuine mutual interest in longterm stability of contracts. Dependence on imports from unreliable foreign sources, however, remains a national danger; reducing that dependence is vital, and it will require a massive effort to get it down from the present 45 percent even to one-third or less.

The literature of energy policy is full of catch phrases to trap the unwary and score debating points. Everyone involved can be eloquent about the need for sacrifices by everyone else. The policy leadership which this country needs for the years to come will have to make a convincing case to the electorate for sacrifices in an energy-conscious society. It would be the refusal to make those sacrifices, not the sacrifices themselves, that would inhibit growth in living standards and tarnish the quality of life for the nation and all its citizens.

ENERGY CRISIS GROWING

(By Louis Rukeyser)

NEW YORK.—The real energy crisis in America is over whether the country is ever going to get up enough energy to head off another crisis.

Frankly, the outlook is dubious.

The politicians, characteristically, have managed to avoid effective action on either of the two possible solutions—building up supplies or conserving usage—preferring to take the less uncomfortable route of beating on the oil companies.

Apparently, there are few votes to be lost by attacking the large petroleum corporations, whose popularity with the electorate ranks somewhere south of that of the Anopheles mosquito. And so we have the tempting election-year proposals to dismember these corporations by restricting the number of functions in which one company can be involved.

These proposals make a number of fallacious assumptions. They assume that the country has been poorly served by its oil industry, when in fact the ready availability of cheap energy—unmatched anywhere else in the industrial world—has been a significant factor in American growth.

They assume that the industry is currently noncompetitive, when in fact it is fiercely competitive—in exploration and production (more than 10,000 companies and individuals), transportation (102 interstate pipelines vying to carry raw materials and finished products), refining (133 companies operating 264 refiners) and distribution (15,000 wholesalers, 300,000 privately operated service stations).

And they assume that dissolution of the large integrated companies would lower prices for consumers and prevent future energy shortages, when in fact it would have precisely the opposite result in both cases.

The best thing going for those who play such silly tunes on their anti-business flutes is that the public's memory is so short. People have not only forgotten the long lines and shortages the last time the Government inserted itself into the energy business, in 1973; they also have forgotten that the cause of the trouble lay in the Mideast-dominated oil cartel, whose hand would be strengthened immeasurably if the American companies were crippled.

The public is right that the energy shortage was contrived, but it has forgotten who it was that did the contriving. The Arab-led OPEC nations, which control two-thirds of the world's reserves, first embargoed oil shipments to the United States and then quadrupled their prices. Next, to mainain his blackmail of the consumer nations, they reduced their production levels.

Still another artificial hike in the world oil price may becoming after the OPEC bullies meet again in Indonesia May 27. And instead of moving to meet this international challenge, we are dealing only with domestic class-war emotions and political mythology.

Even President Ford, nominally committed to the Grandly named Project Independence (which aims at making the U.S. self-sufficient in energy by 1985), approved—however reluctantly—an energy bill that bore no resemblance to this policy.

Meanwhile, domestic production of crude oil and natural gas actually declined last year by, respectively, more than 4 per cent and nearly 7 per cent. The trend is continuing in 1976.

By one estimate, hostile Congressional tax and price measures already have reduced the oil companies' cash flow by $4.5 billion; by any estimate, our brilliant legislators have managed to discourage a significant amount of hunting for new oil fields and other energy sources.

How stupid can we get? Every month, every year—while politicians seek cheap applause by battering our own producers—the country grows more and more dependent on the good will of the sheiks.

Imports supplied more than a third of total U.S. oil demand last year, a figure that is expected to rise to 44 per cent for 1976 and to 60 per cent by 1985. Inexorably, we are moving toward what has been described cynically as "the Arab solution."

In other words, the country is following the one route it swore to abjure: the road to total dependence on the conscienceless blackmailers of Saudi Arabia and Kuwait. When and if another embargo comes, we will be damaged far worse than we were in 1973 and it will be too late then to remember who the enemy really was.

ZARB URGES STEPS AGAINST EMBARGO

TOKYO, June 23.—The head of the U.S. Federal Energy Administration said here today that oil importing nations must prepare for the possibility of another embargo on supplies.

Frank Zarb, who is on his way back to the United States after a tour of the Middle East,

said he had heard no assurances from oil producing countries that oil would not be used again as a political weapon.

It has "simple realism" for the importers to recognize the danger, increasing oil stockpiles and boosting their self-sufficiency in energy, Zarb said.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 10 minutes, with statements therein limited to 2 minutes each.

NATIONAL TRAFFIC AND MOTOR VEHICLE SAFETY APPROPRIATIONS

Mr. HARTKE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 9291.

The ACTING PRESIDENT pro tempore laid before the Senate H.R. 9291, an act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations, which was read twice by its title.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to the consideration of the bill.

Mr. HARTKE. Mr. President, we are considering today legislation to extend the National Traffic and Motor Vehicle Safety Act. This legislation, like S. 2323, reported favorably by the Commerce Committee on May 5, 1976, would authorize to be appropriated not to exceed $13 million for the fiscal year transition period and $60 million for each of fiscal years 1977 and 1978 for implementation of this important legislation.

Additionally, H.R. 9291 would delay from October 27, 1976, to April 1, 1977, the effective date of the schoolbus safety regulations required pursuant to Public Law 93-492. In granting this extension of a little over 5 months, Congress would be responding to a request of the School Bus Manufacturers Institute, SBMI, to allow additional time to achieve compliance with the standards using the best possible design solutions.

It is important to note that this extension would affect only a small percentage of the 1977 schoolbus production. According to the SBMI, only 16 percent of each year's production is achieved in January, February, and March. The bulk of the production occurs during the suminer months in anticipation of the new school year beginning in the fall.

Mr. President, I ask unanimous consent that there be printed in the RECORD a letter from Berkley Sweet, executive director of the School Bus Manufacturers Institute regarding this proposed extension of the effective date.

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

SCHOOL BUS MANUFACTURERS INSTITUTE,
Washington, D.C., May 10, 1976.

Hon. WARREN G. MAGNUSON,
Chairman, Senate Committee on Commerce, Dirksen Senate Office Building, Washington, D.C.

DEAR CHAIRMAN MAGNUSON: The purpose of this letter is to give you and other members of the Committee on Commerce my full assurance as a representative of the six school bus body manufacturers that the extension of the effective date of the school bus safety standards to April 1, 1977, which H.R. 9291, as amended by the House Committee on Interstate and Foreign Commerce, would provide, will *not* be used to produce a large portion of the 1977 bus orders according to the "old" standards.

Every manufacturer has told me personally that his company will begin to incorporate the required features as soon as possible in the 1977 production run. Furthermore, the industry-wide production figures which we have compiled over a number of years indicate that, at most, only 16% of a year's production is ever produced during January, February, and March, which is the only part of the 1977 production year actually affected by the extension. For your information, I am enclosing a graphic profile of the school bus production year, which illustrates this fact.

As you are aware, the manufacturers need this additional time principally to bring all the buses built according to new standards into a maximum level of quality control for compliance. All of the standards will be phased gradually into production, but compliance with the seating standard, which requires manufacturers to totally change their methods of seat construction, will present some especially difficult quality control problems.

The engineers for these manufacturers conclude that they need an extension of the effective date of the standards to April 1, 1977 in order to firmly establish the best production techniques possible instead of relying on "reasonable guesstimates" so that they can be absolutely certain that the methods they have selected for compliance result in the production of the safest possible bus.

The school bus manufacturers are as vitally interested in seeing that the new safety features are rapidly incorporated in their buses as are you, the other Members of the Committee on Commerce, and the rest of the Congress. This extension will permit us to get the job done using the soundest methods possible.

Sincerely,

BERKLEY SWEET,
Executive Director.

Enclosure.

Typical schoolbus manufacturing profile (Six year average based on Assembly Starts)

Calendar month:	Percent of yearly production
January	4
February	4
March	8
April	7
May	11
June	12
July	14
August	14
September	13
October	10
November	3
December	*

* Assembly Starts for December approximately equal zero due to model year production change over and Christmas and New Years Holidays.

Mr. HARTKE. Mr. President, there have been some fears expressed that this extension will be used by the manufacturers to exempt the entire 1977 school bus production from the Federal standards by stockpiling chassis. This letter offers us assurance that this extension will be used for nothing more than allowing manufacturers to incorporate new designs more conveniently into production cycles and that only a small percentage of the 1977 production will be affected.

Mr. President, 1976 marks the 10th anniversary of the National Traffic and Motor Vehicle Safety Act. Since the promulgation of the first Federal motor vehicle safety standards in 1967, there has been a continuous and significant decline in the Nation's highway fatality rate. In 1966, when both the National Traffic and Motor Vehicle Safety Act and the Highway Safety Act were enacted, the fatality rate was 5.5 to 5.6 per 100 million miles traveled. By 1973, the rate had dropped about 25 percent to 4.15 per 100 million miles. Estimates based on the 1966 accident statistics conclude that had we not embarked on these safety programs, the Nation would have suffered 75,000 highway fatalities in 1973. Instead, in that year, 54,347 lives were lost on the American highways.

The ACTING PRESIDENT pro tempore. The Senator's 2 minutes have expired.

Mr. HARTKE. I ask unanimous consent to proceed for another 2 minutes.

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

Mr. HARTKE. A combination of factors have contributed to this decrease in highway fatalities. During the last decade, the highway environment was being improved, new motor vehicle safety standards were introduced, and new traffic safety programs in States and communities were being implemented. While it is difficult to proportion these safety gains among the three programs, Dr. James Gregory, Administrator of the National Highway Traffic Safety Administration, recently stated his belief that—

The efforts to improve the safety performance of motor vehicles and motor vehicle equipment are likely to achieve concrete results earlier than efforts aimed at the more difficult task of improving human driving habits. It is, therefore, my assessment that our motor vehicle safety programs have contributed most to the safety gains we achieved through 1973.

Since 1973, additional safety gains have been achieved through the implementation of a national 55-mile-per-hour speed limit. The number of fatalities declined from 54,347 in 1973 to 45,717 in 1974 and an estimated 45,674 in 1975. This decline cannot be explained solely in terms of changes in total vehicle miles driven because while total mileage dropped somewhat from 1973 to 1974, it reached a new height of 1.315 billion in 1975. The net effect of the changes in fatalities and mileage was that the fatality rate fell to about 3.6 per 100 million miles in 1974 and to an estimated 3.5 per 100 million miles for 1975.

A savings in lives is not the only benefit of the motor vehicle safety program. Hundreds of thousands of injuries have been prevented. In terms of dollars and cents, motor vehicle accidents have been estimated by the National Safety Council to cost the Nation in excess of $19.3 billion. This figure includes $6 billion in wage loss, $1.7 billion in medical expense, $5.1 billion in insurance administration costs, and $6.5 billion in property damage from moving motor vehicle accidents. There can be no question but that in its first decade, the motor vehicle and

arating families by forcing a mass exodus or deportation of literally millions of men, women, and children."

Our basic position is that the Federal government should deal with the problem of the future influx of illegal aliens separately from the problem of those already residing in this country. Those who are already here are here because the government has been both unwilling and unable to enforce its own immigration laws. Most of these people have established families, part of whom are American citizens with all of the rights of citizenship.

To cut these families off from their meager economic sustenance and to force upon them the great hardship of emigrating or to attempt some sort of mass deportation effort would be both inhumane and immoral. For a nation which for two hundred years has been a symbol of hope for the oppressed and the poor of all nations of the world, such an action would be unthinkable.

There is only one just and humane solution to this important aspect of the problem which would be consistent with the tradition and needs of a country which has been known as the "nation of immigrants"; that is, to once again show our generosity by allowing these people to become legal residents. Consequently, we have advocated that a meaningful amnesty provision be incorporated into this legislation. Such a provision would allow people who have already been in the country for a period of time, particularly those who have family ties here, to adjust their status. This must be done without penalizing those who are waiting to come into the country through normal immigration channels. The number of those adjusted in this manner must not be charged against existing immigration quotas.

The bill (H.R. 8713) as it is presently written has a so-called "amnesty provision." Close analysis of the provision has shown that it will benefit relatively few people at best. We consider this provision as little more than lip service to the concept of amnesty and therefore judge it to be completely inadequate.

In conclusion, we call upon the Congress and the President to reject the proposed "Illegal Alien Bill" (H.R. 8713) as unjust and discriminatory.

A NATIONAL HEALTH POLICY PAPER—THE FEDERAL INFLUENCE IN HEALTH

HON. JAMES F. HASTINGS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 8, 1975

Mr. HASTINGS. Mr. Speaker, as you know, several week ago I spoke to the House about the need for a National Health Policy. Today I will address the House again on the same subject and present further background on the urgent need for our action in this area. Also, during the next few weeks I will be making other presentations about America's health system and the need to rationalize our efforts and change our direction if we are to achieve some measure of success in improving the health of our Americans.

Today I would like to discuss the Federal Government's participation in efforts to improve the health of the American people. On several previous occasions during this session of Congress, I have spoken of the need to review our methods of formulating and implementing national health policies. The reasons should be evident. We have seen the costs of health care rise tenfold in the last 25 years. We have seen the Federal Government's intervention in the workings of our health system increase dramatically over the last 10 years.

Now the Congress is prepared to make a serious attempt to develop a national health insurance program. As we begin to consider further Federal involvement in the health affairs of our Nation, through a national health insurance program, we are finding increasing evidence of serious problems with the performance of the health industry and with our national approach to improving the health of the American people. What I find most disturbing is that these issues will not be solved by a national health insurance program, and in fact, may be exacerbated by such a program.

On July 30, I spoke to you about these disturbing trends. They include runaway health care costs, with no sign of relief in sight. Despite the huge costs of the health care system over the last 25 years, there has been minimal improvement in the health of the American people. Despite our large investments in training health manpower, particularly physicians, we still have serious problems of overspecialization and geographic maldistribution. A contributing factor has been the overselling of the wonders of modern medicine as a determinant of good health. There is irrefutable evidence that medicine is a relatively minor determinant of health, while it does make an important contribution, the major determinants are personal lifestyles, the environment, housing, sanitation, nutrition, and jobs. Although it is not realistic to expect that all of these problems will be dealt with as a precondition of enacting national health insurance, it is essential that we respond to them in designing a national health insurance program.

My intention here today is not to discuss national health insurance, but to discuss the evolution of Federal participation in national efforts to protect and improve the health of the American people. It is my hope that my discussion will assist in our efforts to develop the most appropriate future role of the Federal Government in national health programs and the most appropriate organization of Federal health programs to carry out its assigned role.

The Department of Health, Education, and Welfare is the Agency now assigned the principal role in carrying out Federal health programs. Over 80 percent of Federal health expenditures flow through the Department. Health programs of the Department are operated by the Social Security Administration, which administers medicare, the Social and Rehabilitative Services, which administers medicaid, and the Public Health Service, which is, in fact, a cluster of catagorical programs theoretically directed by the Assistant Secretary for Health.

Federal health dollars are made available through a wide variety of categorical health programs to States, communities, health, and other institutions, and to individuals. Since 1950, the number of categorical [illegible] programs has grown from fewer than 200 to over 1,000 today. In 1961, there were 106 HEW programs, and by 1973, there were over 230. According to Secretary Elliot Richardson, in speaking of his efforts to simplify the administration of HEW programs in 1973, 56 of the over 230 programs overlapped other HEW programs, and 36 overlapped programs in other departments. Almost $19 billion was being spent through some 40,000 institutions and agencies. At that time, Secretary Richardson noted that programs were growing at a rate of 10 percent a year.

In addition to the enormous size of its own health budget, HEW impacts on the total health industry. It provides funds for training and research, and health facility construction. It is involved in providing health services, paying for health services, promoting demonstrations and planning activities, and also acts as a regular, as in the case of the drug industry, or a sponsor of regulation, as in the case of professional standards review organizations. HEW is the major determinant of health industry performance in our country today.

The total health budget estimate for the Department for 1976 is $30.9 billion. Medicare and medicaid will consume approximately $24.6 billion, or 85 percent of the total.

The growth of all Federal expenditures for personal health care both in absolute terms and as a percentage of total personal health care expenditures since 1966 has been dramatic. In 1966, the Federal Government spent approximately $3.3 billion for personal health care services. In 1974, it spent approximately $23 billion. Its share of total personal health care expenditures in 1966 was less than 10 percent; by 1974, its share had grown to over 25 percent.

Payment for health services, however, was not the major thrust of Federal programs prior to the passage of medicare and medicaid. Although the Federal Government has been involved in providing and paying for health services for certain groups in our society for some time, the major emphasis prior to 1965 was on what has been called "capacity building" through support of health facility construction, training, and research. I will discuss the development of legislation authorizing support for these activities later.

In 1947, the Federal Government spent $27 million for health research. By 1974, health research expenditures had grown to approximately $2.9 billion, a hundredfold increase. Unlike expenditures for personal health services, the share of research supported by the Federal Government did not increase as fast although the Federal Government carried a far larger share of the financial burden. In 1950, the share of Federal expenditures for medical research was 53 percent; in 1974 it was 65.1 percent.

The Federal Government sharply increased its support for medical education during the 1960's, primarily through programs administered by the Department of Health, Education, and Welfare, the Department of Defense, the Veterans' Administration, and the Department of

consolidated health training data available was produced by OMB—and 1974, Federal support for medical education increased from slightly less than $500 million to slightly less than $1.4 billion, almost a fivefold increase. Between 1972 and 1974, support for medical education by the Department of Defense and the Veterans' Administration grew much more rapidly than support through the Department of Health, Education, and Welfare.

Federal involvement in the construction of medical facilities began with the Hill-Burton program in 1947. Judith and Lester Lave, in their study of the Hill-Burton program, noted that for the period from 1948 through 1971, the Hill-Burton program provided $3.7 billion toward the construction of health facilities in this country. This represented, according to the authors of the study, about 10 percent of all health facility construction costs during that period.

The above figures show that the major growth of Federal expenditures is occurring through payments for personal health services, notably for medicare and medicaid beneficiaries. The data also shows that the Federal Government has been the principal investor in increasing the output of medical schools, and the principal sponsor of medical research. Federal support for health facility construction, on the other hand, appears to have leveled off or diminished, depending upon the figures used, and now provides a relatively minor portion of the total cost of building health facilities in this country.

How did we get to the position we find ourselves in today? I do not want to bury you under a mountain of facts about the historical development of Federal health legislation. As most of you are aware, the principal responsibility for the health of our citizens rested with the States through most of our history. To this end, States began establishing State health departments during the latter half of the 19th century, with their principal preoccupation, the control of communicable diseases.

The first significant legislation granting the Federal Government jurisdiction over health matters was signed into law in February 15, 1893, giving the Federal Government authority to quarantine persons with communicable diseases. This legislation, though amended, still stands.

Although serious discussions of national health insurance occurred between 1910 and 1920, it was never seriously considered by the U.S. Congress during that period. The next significant piece of Federal legislation was the Sheppard-Towner Act, passed early in the Harding administration, which provided Federal grants to States for the promotion of the welfare and hygiene of maternity and infancy.

The Great Depression was a major spur to the development of social welfare programs in this country, as you all know. A major instrument of Federal social welfare programs was the Social Security Act of 1935, which provided grants to individual States for maternal and child health programs and title VI authorized appropriations "for the purpose of assisting States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate public health services." In 1937, Congress passed legislation establishing the National Cancer Institute, which became the forerunner of the National Institutes of Health. In 1943, Congress passed its major health manpower legislation, to train nurses for the armed forces, government agencies, and the private sector. In 1944, it passed legislation to reorganize the Public Health Service, a process that was to occur on numerous occasions since that time.

Congress enacted the Hospital Survey and Construction Act of 1946, which came to be known as the Hill-Burton program after the sponsors of the legislation. Its original purposes were to survey the need for and to construct hospitals. This program provided billions of dollars as noted earlier which, mixed with State and local funds, contributed to the tremendous growth in hospital facilities since that time.

During the late 1940's, 1950's, and into the early 1960's, Congress was extremely active in building our capacity to conduct research, establishing health institutes in addition to the Mental Health Institute, including the Heart Institute, Arthritis and Metabolic Disease Institute, the Child Health and Human Development Institute, the Dental Research Institute, and the General Medical Sciences Institute. The National Mental Health Act also provided grants to the States to develop mental health programs. The National Heart Act, in addition to providing for the establishment of the National Heart Institute, authorized funds for training and for aid to the States for the development of community heart disease programs.

Although it is difficult to assess the mood of Congress precisely during the post World War II period, it appears that congressional interest in hospital construction and health research was followed by interest in correcting shortages of health manpower. Traineeships for the public-health specialists and advanced training for nurses were authorized by Congress in 1956. In 1963, Federal legislation for a broad subsidy of health education of the health professions was passed. This was followed by a number of health manpower statutes. The issue of health manpower remains a major concern of Congress today, and, as you know, the House has passed a comprehensive health manpower bill this session.

During the 1950's, Congress also addressed itself to the important matters of collecting and storing health and medical information, authorizing continuing National Health Surveys and establishing the National Library of Medicine.

Throughout this century, Congress has enacted effective legislation and provided financial support for the control of communicable diseases.

our society. The genesis of the U.S. Public Health Service can be traced to congressional action establishing marine hospitals for merchant seamen in 1798, and providing for the financing of health services for them through monthly payments.

Congress authorized first the Bureau of Indian Affairs, and then the Public Health Service to provide health services to American Indians and Alaskan Natives. It also authorized funds to provide care to needy veterans, mothers and children, crippled children, the mentally ill and retarded and migrant workers. It was during the 1960's, however, that Congress and the administration made its major commitment to underwrite personal health services by establishing programs to provide adequate health care to two neglected groups of people in our society: the old and the poor.

All of you will recall the early 1960's as a time of national growth and national confidence. There was both growing tax revenues generated by a healthy and growing economy, and a sense that we could not only get to the Moon, but we would win the war in Vietnam, and solve the many social problems we had identified in our society. Two of the identified health problems during that period were health care for the poor and the aged. In 1965 that Congress enacted the social security amendments establishing the medicare and medicaid programs, as well as such ambitious programs and the Partnership for Health Act, and the regional medical programs.

Since 1965 we have seen a striking shift in Federal spending away from an emphasis on research, training, and the support of State health programs, to paying for health services. In 1965, for example, federally-supported medical research comprised approximately 29 percent of total Federal dollar support. In 1974, the figure was less than 11 percent. These figures, I should add, do not show a de-emphasis of research, since support has increased substantially since 1965, but rather far faster increases in the health care expenditures.

The Federal Government now finds itself in the position of having to pay for a large and increasing share of the output of the huge and growing health industry in this country. The growing drain on Federal revenues has, more than anything else, forced the Congress and the administration to consider ways of improving the performance of the health industry.

Congress, and the administration, indeed the Nation, are now faced with some critical choices in the health field. We must decide how we shall move forward and at what pace. We must decide how we shall establish and implement national health policies, and where we can be most effective in both the short and long run. Apropos to my discussion today, we must address the issues surrounding the appropriate role of the

cerns the health of our citizens. What we do in the next year or two is going to have a substantial impact on the structure and performance of the health system in years to come—and most important, the health of our Nation.

MAGNOLIA, MISS., WILL CELEBRATE "DO IT OURSELVES" BICENTENNIAL PROGRAM

HON. THAD COCHRAN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 8, 1975

Mr. COCHRAN. Mr. Speaker, the Nation is preparing to celebrate the 200th anniversary of its founding, and the Federal Government will spend tremendous sums to assist city, county, and State governments in every State to observe the Bicentennial. Hopefully, this money will be spent wisely, to acknowledge the world's oldest democracy, where free men can act and speak without fear of reprisal or intimidation. There have been times in our history when this cherished heritage was threatened. It was not military strength, or economic strength which prevented the loss of our freedoms, although they have played an important part. In my opinion, it was the inner spiritual strength of our people which won the day. It was the recognition, in the hearts of ordinary hard-working Americans, that they had a stake in preserving their rights. The American people have know that, for perhaps the first time in human history, the people were truly sovereign.

So it has remained. The willingness to fight to preserve the rule of law and the unshakeable belief in hard work as the best guarantor of success are still guidelines universally revered by Americans.

It was with immense pride, therefore, that I recently read of the plans of one small southern American town to observe the Bicentennial. That town is Magnolia, Miss. The town is appropriately named, for Mississippi is widely known as the Magnolia State.

Magnolia, Miss., will celebrate the Bicentennial on a "do it yourself" basis, without Federal funds. All of her people, from the youngest toddler to their oldest citizen will participate.

Magnolia is living proof that the work ethic is alive and well in America. Further, the actions of this small rural community can convey an important message to all of us. That is, that we, and they, can do something worthwhile, interesting and enjoyable without a Federal subsidy. It speaks eloquently that it is time that serious thought be given to a return to the political thinking of the self-reliant and courageous individuals who gave us the Declaration of Independence and the Constitution.

I am tremendously impressed by the actions of the town of Magnolia, but not surprised. The town's actions are characteristic of the people of Mississippi who would prefer independence to a handout.

For a small town, without extensive resources, Magnolia is blessed with progressive and energetic leadership. It is a privilege for me to acknowledge the spirit and patriotism of the officers of the city government. Mayor W. J. Simmons, Jr., Mrs. J. Y. Prescott, Jr., town clerk; Messrs. O. W. Phillips and Ben Regan, city attorneys; Hon. Sam H. Lang, chief of police; and the board of aldermen, Messrs. Curtis Fairburn, Clyde Varnado, Sam H. Owens, R. N. Whittington, and Davis Berryhill. These men and women, and may others associated with the town celebration, deserve enormous credit.

Although the town's plans are incomplete, I include as a part of my remarks, a schedule of planned Bicentennial events for 1976. This work is being coordinated by the Magnolia Bicentennial Committee. The committee members are: Miss Elise L. Meyer, chairman; Mrs. Warrene H. Carter, secretary; and Mrs. Joan P. McClendon, treasurer. A summary follows:

SUMMARY OF DECISIONS MADE AT THE MAGNOLIA BICENTENNIAL COMMITTEE MEETING HELD ON AUGUST 28, 1975 RELATIVE TO A BICENTENNIAL PROGRAM FOR THE CITY OF MAGNOLIA, MISS.

1. It was decided that we shall not apply for Federal Funds for the Magnolia Bicentennial Program inasmuch as we believe that such funding would not be in line with the political philosophy of the Founding Fathers of our country, and we shall therefore stage a "Do It Ourselves" American Revolutionary Bicentennial Program.

2. The following events have been approved for the Magnolia, Mississippi Bicentennial Celebration:

A. Bicentennial Piano Recital to be staged by Mrs. Grace Lane Leggett to be followed by Reception, which will be given by the MacDowell Music Club. (Tentative date—4/16/76.)

B. South Pike School System and Magnolia Public Library Participation Programs to encourage our young people to discover the joys of reading.

C. Two Magnolia Bicentennial Capsules will be made, so that they may be opened at the Tricentennial in 2076. One capsule will be kept in Flora, Mississippi and one will be kept in Magnolia at the new building that will be erected as a Bicentennial monument by the South Pike School System. Microfilms will be made of newspapers, programs, a Bicentennial register carrying the signatures of residents of Magnolia, etc., and these films and photographs of Magnolia will be placed in the capsules.

D. A line of Virginia Pines will be planted in the Railroad Avenue Park that fronts the 200 block of West Railroad Avenue, so that when they are large enough, the trees can be used annually to form an Avenue of Christmas Trees during the Holiday Season. The Committee hopes to be able to supply these conifers to citizens who wish to plant a Bicentennial Memorial Virginia Pine in their respective yards. Since there will be only 200 trees available for this purpose, this will have to be a case of first come, first served.

E. Two Bicentennial Christmas Trees are to be placed in the Railroad Avenue Park on either side of the fountain during the Holiday Season. Large pines will be covered with a white spray and the trees will be decorated with red and blue lights and red and blue ornaments.

F. A Bicentennial Farmers Market will be held under the direction of Mr. Alphonse Marks.

G. District Tournament for National Bicentennial Youth Debates will be held in December 1975 at South Pike under the direction of Mrs. Suzanne Taylor.

H. Carol Singing on Railroad Avenue by Elementary School students under the direction of Mr. David Feldman and Mr. Melvin Harris on December 11, 1975.

I. A flowerbed simulating the first flag of the United States will again be planted in the park. Red and white salvias will be used for the stripes and the blue and white ageratum will be used for the field and stars.

J. A Bicentennial Dance Recital will be staged by Mrs. Conway Bilbo.

K. A Bicentennial Cooking School featuring recipes used by Colonial housewives will be conducted by Mrs. Inez Mullendore, Mrs. Mary Marks, Miss Elise Meyer, and Mrs. Ponjola Andrews.

L. An art show will be held at the Welcome Center in the fall. The pictures displayed are the work of Mrs. Joy Gardner Reeves and Mrs. Lilyan Causey, and depict scenes of Magnolia.

M. The Magnolia Bicentennial Girls, a group of 12 from South Pike High, will appear in dress styles that have been fashionable over the 200-year history of the country starting in 1776 and ending with 1975–76 at appropriate occasions during the Bicentennial Year. This will be under the direction of Mr. Harold Brannon.

N. There will be a display of copies of products made during the Revolutionary period, under the direction of Mr. Brannon. It is possible that this display will be coupled with the Bicentennial Farmers Market.

O. There will be a Band Salute to the Bicentennial in the late spring under the direction of Mrs. Katie Leggett and Mr. Ronnie Simmons.

P. There will be a Bicentennial Parade on October 31, 1975 under the direction of Mrs. Katie Leggett. Civic clubs and industrials are being asked to join with school classes and groups to make up this parade of floats and cars which will be decorated in keeping with the theme "Our Heritage."

Q. The citizens of Magnolia will be urged to wear Colonial costumes on appropriate occasions during the Bicentennial Year.

R. The Telephone—100 years of service: Displays and recordings are to be supplied on the effort of the telephone industry and placed at the Magnolia Community Center on November 10 and 11, 1975 by the South Central Bell Telephone Company, with displays open to the general public. It is to be used as a Rotary Club program and also school children will be brought to see it. This is an exhibit of great educational value.

S. The pastors of Magnolia will hold a Brush Arbor Service downtown in Magnolia on July 4, 1976. The Ministers Committee is headed by the Rev. Mr. Halbert Jenkins. All residents of the area are being urged to participate in this religious meeting, which will be the climax of Magnolia's year-long celebration.

RESOLUTION TO DESIGNATE APRIL 19, NATIONAL REVOLUTIONARY DAY

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 8, 1975

Mr. RHODES. Mr. Speaker, during this Bicentennial year, we are reviewing our Nation's history and heritage. I am greatly pleased that our young people are taking active part in this observance of our 200 years as a Republic.

The eighth grade class at Ingleside School, in Phoenix, Ariz., has embarked on an exciting, ambitious project, to

Very astutely, the Communists are waiting until the government breaks down totally, and the Portuguese people have fully identified the country's troubles with the ruling Revolutionary Council and its moderate and centrist ministers. Like a Trojan Horse, the Communists could then move in while the West is still in a state of artificially induced relaxation over the Portuguese situation, and with the help of massive economic aid from the Soviet Union and the hamstrung CIA, claim both the allegiance and the economic dependence of the Portuguese people.

America prides herself in being the "Land of the Free." How can we open our doors to the "tired, the poor, the huddled masses yearning to breathe free," while watching with open eyes one of our allies' gasps for her last breath of freedom.

If this country gives its tacit approval to such a blatant defiance of all of Russia's rhetoric about "détente," then the United States must resign herself to the position of being the No. 2 power in the eyes of the world. To let ourselves stand by while yet another country succumbs to communism will put us in the position of being the "helpless giant" our lopsided policies of détente have led us to.

America should immediately communicate our support of Prime Minister Azevedo's efforts to preserve a Portugal free of the Soviet Union, along with a demand for the immediate cessation of all Soviet military and economic support to the Portuguese Communist Party.

If the Soviet Union refuses such a request after its signing of the Helsinki accord, we must be prepared to take appropriate action in support of the anti-communist forces in Portugal.

Any country that proves her unwillingness to abide by her own word cannot be trusted. What happens next in Portugal may turn out to be the true test of détente.

A NATIONAL HEALTH POLICY PAPER: "THE IMPLICATIONS OF CHANGING PATTERNS OF ILLNESS ON OUR HEALTH SYSTEM"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. HASTINGS) is recognized for 20 minutes.

Mr. HASTINGS. Mr. Speaker, on July 30, I spoke of the need to improve our ability to formulate and implement national health policies for the Nation. At that time, I pointed to the great need of reassessing our priorities between health and other efforts to improve our standard of living, as well as our priorities within the health industry itself.

One of the reasons for this conclusion was the apparent ineffectiveness of the health industry in improving the health of Americans. The evidence I cited at that time was the fact that crude death rates have not changed over the last 25 years despite the fact that health expenditures have increased from $12 billion in 1950 to a projected $116 billion in 1975. I think all of you would agree that such sweeping a statement deserves elaboration and qualification, both of which I plan to do today.

The three major measures of illness are mortality, morbidity, and disability. The most accurate of the three measures is mortality, although the causes of death are sometimes inaccurate either because of recording error or the difficulty of determining causes of death. Such data has been reported in the United States for over 100 years. Morbidity data is further classified into acute and chronic illness. Acute illness is defined by the National Center for Health Statistics as any condition lasting less than 3 months which requires either medical attention or results in restriction of activity. Chronic illness is defined as any illness of relatively long-term duration. In addition, certain diseases, by definition, such as arthritis, diabetes, or heart troubles are defined as chronic by the National Center for Health Statistics. Morbidity data, understandably, are not as accurate as mortality figures. Disability is defined as any condition causing a temporary or long-term reduction of a person's activity and resulting from an acute or chronic condition. I am going to discuss historical changes in all three.

MORTALITY

In 1900, the leading causes of death were first pneumonia and influenza, second tuberculosis, and third intestinal diseases. By 1940, pneumonia and influenza had dropped to the fifth leading cause of death, tuberculosis to seventh, and deaths from intestinal diseases had disappeared from the ten most frequent causes of death. The leading causes of death became heart disease, cancer and other malignant tumors, and cerebrovascular disease. These still rank as the top three causes of death in the United States today.

In 1900, the three leading causes of death were infectious and communicable diseases. The three leading causes of death by 1940, and still the leading causes today, are noninfectious disease, frequently referred to as chronic diseases or diseases of aging. More precisely, they might be considered diseases most prevalent for persons over 40.

The major change in death rates in the United States has been the dramatic reduction in deaths during the first year of life. In 1900, approximately 175 children per 1,000 live births died before they reached the age of one. Today, less than 20 children per 1,000 die during the same period. This is the major reason why the average life expectancy at birth increased from 47 years in 1900 to 71 years in 1970.

The decline in infant mortality has been continuous since 1900, although it is beginning to level off somewhat. The dramatic improvement in infant mortality has tended to mask another fact about mortality in the United States.

Whereas the life expectancy at birth increased by 24 years between 1900 and 1970, longevity increased only slightly more than 6 years once a person reached the age of 40 and only slightly more than 3 years once a person had reached age 65. The reason is cited by Alexander Leaf, a well-known medical teacher and clinician, in an article in the Scientific American:

> Little progress has been made in controlling the major causes of death in adults: heart disease, cancer, and stroke.

Another measure of change is the overall death rate per 1,000 persons. In 1900, the death rate per 1,000 persons was 17.2. In 1973, the rate was 9.4. The death rate has changed little over the past 25 years, ranging between 9.3 and 9.7 during the period from 1950 through 1973.

Overall crude death rates tend to mask changes within age groups and to make comparability between time periods difficult. This is because of changes in the age composition of populations at different points in time. According to the National Center for Health Statistics, the following changes occurred in age-adjusted death rates between 1960 and 1969:

> Between 1960 and 1969 there was an appreciable lowering of the death rates for persons 45 years and older. The largest decreases occurred for the age group 75–79 years (with a decrease of 8.3 percent) and 80–84 years (with a decrease of 14.0 percent).
>
> For the same period there were also decreases in the death rate for children under 15 years of age. The largest of these decreases were for ages under 1 year (with a decrease of 20.3 percent) and for ages 1–4 years (with a decrease of 22.1 percent).
>
> But the effect on the crude death rate for 1969 for these decreases in the death rates at both the beginning and later years of the lifespan was cancelled out in part by the even more marked increases in the death rates for persons in each 5-year age group from 15 years through 44 years.

The death rate for persons aged 10 to 24 increased from 106.3 per 100,000 in 1960 to 129.8 per 100,000 in 1969. For the age group 25 to 44, there was a 1-percent rise in the death rate from 225 per 100,000 to 238.5 per 100,000 persons in that age group.

Amidst all this discussion of rates it is useful to look at some numerical increases. For the period from 1950 through 1970, we find that deaths from cancer have increased from approximately 210,000 to 330,000. Deaths from heart disease increased from approximately 540,000 to 735,000. Deaths from accidents increased from approximately 91,000 to 115,000.

One of the encouraging signs has been a decline in mortality from heart disease, beginning in the early 1960's. For the period from 1962 through 1967, there was a decline in death rates among white males of 2.7 percent and among females, 6.8 percent. For the period from 1969 through 1973, there was a mortality decline of 4.9 percent among white men and a decline of 8.8 percent among white women. These data were reported by the Metropolitan Life Insurance Co.

What appears to emerge from these figures is a pattern of rapid improvement in the first half of this century, followed by a slowing down and leveling off of mortality indicators. Although we have made progress in medicine in the last 25 years, and some age groups have benefited to some degree, we must ask ourselves whether it has been a sufficient rationale for a tenfold increase in health

care expenditures, and more importantly, whether we should continue to expand the health industry at the same rate as we have in the past.

MORBIDITY

Like mortality, there appears to be little relationship for our increases in health care spending and morbidity. The incidence of many diseases such as venereal disease continue to climb along with health care expenditures.

In 1974, reported syphilis cases reached a 23-year high of slightly over 84,000 cases.

Reported gonorrhea cases reached an all-time high in 1974 of over 899,000 cases.

Reported cases for both syphilis and gonorrhea are estimated to be less than half the cases actually occurring.

For the period between 1960 and 1974, there was a substantial jump in hepititis from 42,000 reported cases to almost 60,000 reported cases per year.

There has been a substantial growth in the number of alcoholics in the United States. According to a report by the Congressional Research Service, there was a 1,500,000 increase in the number of alcoholics between 1955 and 1965. Noting that the precise number of alcoholics is unknown, the report estimated that there will be between 9,000,000 and 10,000,000 alcoholics in the United States by the end of 1975

However, there have been some improvements. For measles and polio, the 1960's saw remarkable progress due to the development of effective vaccines for both. In 1960, there were 441,000 cases of measles. In 1974, there were 22,000. Polio cases dropped from 3,200 to 7 in the same period.

Although these data represent trends in significant diseases, they do not represent the majority of illnesses contracted by man. About half of the acute conditions people experience are upper respiratory illness, the major number being colds and the flu. Roughly 15 percent of all acute conditions are caused by accidents, with injuries occurring in the home the major contributor.

The National Center for Health Statistics examined acute conditions for the years 1962 through 1969. They found the number of conditions per capita have remained remarkably constant during that period, not only overall but within the classifications of respiratory, infective, and parasitic, and digestive conditions, and injuries.

I have not discussed mental illness up to this point. Data on mental illness has not been gathered in any systematic manner and there are no useful data comparing the incidence of mental illness over time. Helen Avnet, in her book entitled Psychiatric Insurance, cited the reasons why:

> This is because there is no universally accepted standards of mental health, no consistent criteria to define mental illnesses. We do not know how much mental illness is diagnosed and treated under another name, either because it is not recognized as such, or to spare the patient's feelings, or to qual-

Current estimates, recognizing the limitation noted by Avnet, are that 10 percent of our population or over 20 million persons, have some form of mental illness.

I am not aware of any estimates of change over time in the incidence of severity of mental illness, although there is clearly an increase in socially deviant behavior, such as crime, alcoholism, and drug abuse.

DISABILITY

Data is available from the National Center for Health Statistics since the period 1957–58 through the period 1969–70 on the limitation of activity due to chronic conditions. The data reported by the National Center shows almost no change from the earliest reporting period until the latest one. During the first period, 89.9 percent of the persons showed no limitation of activity from chronic conditions, while in the 1969–70 period, the figure was 88.3, a decrease of 1.6 percent. The extent of limitation experienced was also similar. Unlike the data on death rates, the information was not age adjusted for comparability purposes. In addition, I understand there were certain problems with comparability because of changes in survey techniques used in different survey periods.

Disability data comparisons show a slight overall decline between 1963–65 and 1969–70 in days of restricted activity caused by illness from 16 to 15 days per person per year, according to the National Center for Health Statistics. Bed disability and work loss also declined slightly during the same reporting period.

OBSERVATIONS

The information on mortality, morbidity, and disability I have presented today does show that we have achieved relatively insignificant improvements in our health over the last 25 years. Progress during the first 50 years of this century was far more substantial, judging from declines in mortality rates. By 1950, changes and improvements in the crude death rate had ceased and there appears to be little change in the incidence of acute and chronic conditions, or their impact in terms of limitations of activity. No one can deny that we have made progress in some areas. For example, vaccines have attributed to remarkable reductions in measles and polio. Recently, we have seen encouraging data on reductions in deaths from heart disease. But such progress has been minor.

I am aware that what I have said may be subject to the interpretation that there is little of value produced by the health industry. That is not true, as all of you are personally aware. Doctors and other professionals do relieve pain and suffering, limit disability, and in many cases, effect cures and prevent illness. What is nevertheless clear, is that we are not getting improved health for each additional dollar we spend for health services.

I think it is fair to conclude that, as Rene Dubos, one of the world's most respected authorities has said:

> Therapeutic medicine is probably now ...

The information I have shows that we reached that stage some time ago.

Critics might argue that my position cannot be supported by evidence. If medicine is not the major determinant of health, then what is? This is a very difficult question, which puzzles experts and layman alike. John Dingle, writing in the "Scientific American" in 1973, noted that improvements in life expectancy and reduction in disease began in England before the etiology of disease was understood. It was begun by reformers who intuitively felt that better living conditions would contribute to health. They were right. Experts attribute improvements that continued through the first half of this century in the United States to improvements in environmental sanitation, better housing, and nutrition. They also acknowledge the contribution of vaccines, and antibiotics and the use of certain other drugs. Dubos noted that man adapts to or develops effective responses to disease. In speaking of tuberculosis, Dubos stated:

> Evidence indicates that the virulence of tubercle bacilli has not changed; what has changed is the response of Western man to tuberculous infection.

Does the health industry play a useful role? Of course. Health workers apply the discoveries and developments of our scientists such as vaccines and antibiotics, and transmit to patients useful new health information.

But health professionals will acknowledge their ineffectiveness in substantially reducing the incidence of heart disease and cancer because their understanding of the causes of these diseases is imperfect. Because they do know what causes cancers, for example, and because they therefore do not know how to cure them, scientists and physicians find themselves in the same position today relative to cancers that we were in regarding polio before the discovery of the Salk and Sabin vaccines. Only in the cases of cancers and heart diseases, the problems are far more difficult to solve.

The purpose of my remarks today are to support my earlier contention that more money for health, based on the performance of the health industry over the last 25 years, is not going to buy the American people better health. At the same time, I think it is possible for the Government and the private sectors to formulate policies and programs which will improve the health of the American people.

Such improvements will require greater attention to improvements in the environment, in our understanding of the causes and cures for the major diseases and illness afflicting the American people, and in the individual health practices.

At the same time as I am advocating reconsideration of our policies and investments within the health field, I think we also need to consider the importance of additional investments in the health field beside other priorities.

The evidence I have reviewed convinces me that we are suffering from a dangerous delusion if ...

There is no scientific basis for such a conclusion, as many scientists have told us. We are already investing more of our gross national product for health than most other countries in the world. I think it is time we begin to put the search for better health in its proper perspective—recognizing we have other equally important national priorities—including the creation and wise use of energy, the protection of our environment, assuring an adequate food supply, attaining and sustaining a health economy, and the protection of our freedom. We may even be surprised to find that success in meeting our goals for these "nonhealth" priorities may be the best possible course for improving the health of the people in this country.

THE PROBLEMS OF THE ELDERLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BELL) is recognized for 15 minutes.

Mr. BELL. Mr. Speaker, today, I have introduced several bills focusing on specific problems that affect one very important segment of our population—the elderly.

In my many years in Congress, I have worked diligently to help our senior citizens. I am pleased to say that we in Congress have done much in recent years to assist the elderly; however, much remains to be done.

As ranking member of the Special Education Subcommittee of the House Education and Labor Committee, I was active in the recent formulation of a series of amendments to the Older American Act of 1965 that will provide greater assistance to our senior citizens in such areas as nutrition, home and legal services, transportation and age discrimination.

Another portion of the elderly population—those living in nursing homes—have been victimized by both deceptive and erring proprietors and overly complicated Federal machinery. Because of my concerns in this area, I joined many of my colleagues in sponsoring legislation aimed at correcting abuses in the nursing home industry. This legislation provides for grants to higher education geriatric departments, special services for those persons confined in nursing homes, and special provisions for home health care and delivery to the elderly.

There are, however, other areas of concern to me that I feel deserve special consideration by my colleagues. For this reason, I have introduced legislation pertaining to the areas of elderly crime prevention, property tax relief for the elderly, and a social security retirement test revision.

The first of these is a simple resolution requesting all Federal agencies that administer programs for older Americans to study the causes of crimes against these persons and to recommend programs to reduce the frequency of such crimes.

America," indicated that the elderly rank "fear of crime" as the most serious problem confronting them. The 1971 White House Conference on Aging also recognized crime as a serious problem for the elderly and offered a series of recommendations to deal with such crime. However, at this time, no serious attention has been given to this problem at either the Federal or State level.

The impact of crime on our older Americans is indeed great. The senior citizen—especially the poor senior citizen—is one of the most vulnerable segments of our society. These people are more likely to be victimized repeatedly; they are more likely to be physically injured; they are more likely to live in high-crime neighborhoods.

However, we do not know enough about crime and its effects on the elderly. Traditional crime statistics do not adequately reflect this problem. The necessary data is just not being collected, yet we must learn to deal with this problem now. Consequently, I believe that those agencies in the Federal Government who administer aging programs have the additional responsibility to study the causes of crime against the elderly and recommend solutions to this problem.

Another bill I am introducing today would provide for the needed property tax and rent relief for older Americans. Between 1953 and 1972, the property tax burden rose slightly more than 50 percent. Those who have suffered the most from these increased taxes and increased rents are low-income persons—specifically the elderly.

The bill I am introducing today would allow a credit against Federal income taxes or a payment from the U.S. Treasury for State and local real property taxes, or an equivalent portion of rent paid on their residences, by individuals who have attained age 65.

My final companion measure would amend the Social Security Act by increasing the amount of outside earnings a person might earn before his benefits are reduced.

I believe that such relief is now necessary because of the current economic conditions of our country and the high cost of living. I recognize the problems that we are now having relative to the social security program; however, I do not feel that we should place any undue burden upon our senior citizens because of our bureaucratic inadequacies. Until such time that we can find an equitable solution to this problem, I strongly believe that we should provide some relief for the older American who is receiving social security benefits and still trying to maintain a decent standard of living.

The text of these measures follows:

H. Res. 783

Resolution to request Federal agencies administering programs for older Americans to study the causes of crimes against older Americans and to recommend programs to reduce the frequency of such crimes

Whereas older Americans, particularly those with lower incomes, are more likely to be victims of crimes than many other groups

Whereas the fear of crime is the most serious problem affecting older Americans;

Whereas older Americans are more likely than any other group of citizens in the Nation to be victimized repeatedly by the same offender and, because of the lower incomes of many older Americans, to live in localities with high rates of crime;

Whereas one-half of those older Americans who are victims of crimes suffer physical injury as a result of such crimes; and

Whereas the 1971 White House Conference on Aging and the Administration on Aging have recognized crimes against older Americans as a serious national problem: Now therefore, be it

Resolved, That the House of Representatives requests each Federal agency which administers any program or activity relating to older Americans—

(1) to collect and publish statistics and other information with respect to the causes, types, and frequency of crimes against older Americans;

(2) to conduct studies designed to develop methods and programs to reduce the frequency of crimes against older Americans; and

(3) to transmit reports, no later than 6 months after the date of the adoption of this resolution, to appropriate committees of the House of Representatives containing recommendations for such legislative or other action as may be necessary with respect to the problem of crimes against older Americans.

H.R. 10124

A bill to allow a credit against Federal income taxes or a payment from the United States Treasury for State and local real property taxes or an equivalent portion of rent paid on their residences by individuals who have attained age 65

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 40 as 41, and by inserting after section 39 the following new section:

"SEC. 40. RESIDENTIAL REAL PROPERTY TAXES OR EQUIVALENT RENT PAID BY INDIVIDUALS WHO HAVE ATTAINED AGE 65.

"(a) GENERAL RULE.—In the case of an individual who has attained the age of 65 before the close of the taxable year, there shall be allowed as a credit against the tax imposed by this chapter the amount of real property taxes paid by him during the taxable year which were imposed by a State or political subdivision thereof on property owned and used by him as his principal residence, or the amount of rent constituting such taxes, as defined in subsection (c)(6). To the extent that the tax imposed by this chapter is less than such real property taxes, said individual shall be allowed a payment from the United States Treasury equal to the difference between the amount of the tax credit allowed and the amount of such real property taxes paid.

"(b) LIMITATIONS.—

"(1) IN GENERAL.—The total tax credit and payment from the Treasury under subsection (a) for any taxable year shall not exceed $300 ($150, in the case of a married individual filing a separate return).

"(2) ADJUSTED GROSS INCOME OVER $6,500.—The credit otherwise allowable under subsection (a) for any taxable year (determined with the application of paragraph (1)) shall be reduced by an amount equal to the

"(3) JOINT OWNERSHIP.—In the case of property owned and used by two or more individuals (other than a husband and wife) as their principal residence, the limitations provided by paragraphs (1) and (2) shall, under regulations prescribed by the Secretary or his delegate, be applied collectively to such individuals.

"(4) APPLICATION WITH OTHER CREDITS.—The credit under subsection (a) for any taxable year shall not exceed the tax imposed by this chapter reduced by the credits allowable under sections 33, 35, 37, and 38 for the taxable year.

"(c) SPECIAL RULES.—

"(1) HUSBAND AND WIFE.—In the case of a husband and wife who file a single return jointly under section 6013, the age requirement contained in subsection (a) shall, with respect to property owned jointly and used by them as their principal residence, be treated as satisfied if either spouse has attained the age of 65 before the close of the taxable year.

"(2) PROPERTY USED IN PART AS PRINCIPAL RESIDENCE.—In the case of property only a portion of which is used by the taxpayer as his principal residence, there shall be taken into account, for purposes of subsection (a), so much of the real property taxes paid by him on such property as is determined, under regulations prescribed by the Secretary or his delegate, to be attributable to the portion of such property so used by him. For purposes of this paragraph, in the case of a principal residence located on a farm, so much of the land comprising such farm as does not exceed 40 acres shall be treated as a part of such residence.

"(3) COOPERATIVE HOUSING.—For purposes of subsection (a), an individual who is a tenant-stockholder in a cooperative housing corporation (as defined in section 216(b))—

"(A) shall be treated as owning the house or apartment which he is entitled to occupy by reason of his ownership of stock in such corporation, and

"(B) shall be treated as having paid real property taxes during the taxable year equal to the portion of the deduction allowable to him under section 216(a) which represents such taxes paid or accrued by such corporation.

"(4) CHANGE OF PRINCIPAL RESIDENCE.—If during a taxable year a taxpayer changes his principal residence, subsection (a) shall apply only to that portion of the real property taxes or rent paid by him with respect to each such principal residence as is properly allocable to the period during which it is used by him as his principal residence.

"(5) SALE OR PURCHASE OF PRINCIPAL RESIDENCE.—If during a taxable year a taxpayer sells or purchases property used by him as his principal residence, subsection (a) shall apply only to the portion of the real property taxes with respect to such property as is treated as imposed on him under section 164(d), and, for purposes of subsection (a), the taxpayer shall be treated as having paid such taxes as are treated as paid by him under such section.

"(6) RENT CONSTITUTING PROPERTY TAXES.—The term 'rent constituting property taxes' means an amount equal to 25 percent of the rent paid during a taxable year by a taxpayer for the right to occupy his dwelling during that year, exclusive of any charges for utilities, services, furnishings, or appliances furnished by the landlord as a part of the rental agreement.

"(d) ADJUSTMENT FOR REFUNDS.—

"(1) IN GENERAL.—The amount of real property taxes paid by an individual during any taxable year shall be reduced by the amount of any refund of such taxes, whether or not received during the taxable year.

"(2) INTEREST.—In the case of an underpayment of paragraph (1), no interest shall be assessed or collected on such underpayment if the amount thereof is paid within 60 days after the taxpayer receives the refund of real property taxes which caused such underpayment.

"(e) DEDUCTION NOT AFFECTED.—The credit allowed by subsection (a) shall not affect the deduction under section 164 for State and local real property taxes."

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Residential real property taxes or equivalent rent paid by individuals who have attained age 65.
"Sec. 41. Overpayments of tax."

(c) The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

H.R. 10125

A bill to amend title II of the Social Security Act to increase to $4,200 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (f)(3) of section 203 of the Social Security Act is amended by striking out "$200" and inserting in lieu thereof "$350".

(b) Subsections (f)(1), (f)(4)(B), and (h)(1)(A) of such section 203 are each amended by striking out "$200" and inserting in lieu thereof "$350".

SEC. 2. The amendments made by the first section of this Act shall be effective with respect to taxable years ending after the date of the enactment of this Act.

MANDATORY COMMODITY MARKET FOR OIL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. FINDLEY) is recognized for 5 minutes.

Mr. FINDLEY. Mr. Speaker, it is hardly necessary to remind my colleagues of the current deadlock over energy policy and price decontrol of domestically produced oil. If this impasse is to be broken, a program must be found which will insure that the U.S. oil industry has the capability and incentive to expand domestic production, without making the industry a de facto member or beneficiary of the OPEC cartel. It is doubtful that any energy program which does not attempt to accomplish both of these goals will ever attract sufficient support to become law.

Today I am introducing legislation to accomplish both of these objectives by encouraging the normal competitive forces of the marketplace to work in the oil industry, rather than through government intervention and regulation, divestiture, or nationalization. This proposal relies upon the free market system to establish a fair price for oil. So far, the market has played little or no part in setting oil prices.

The proposal calls for the creation of a commodity market for crude oil, through which all domestic sales of crude oil would be required by law to be

industry is dominated by "vertically integrated" companies, which are involved in all phases of the industry, from exploration and production to refining and marketing. This industry structure, which is typical of the major foreign as well as domestic oil companies, eliminates the role of competition in setting the price of crude oil. Instead of being sold by producers to refiners, most crude oil is simply transported by the producer to its own refinery and, after processing, to its own retail outlets. Foreign crude is priced by the political decisions of the OPEC cartel.

Since there is no competitive price for crude oil, decontrolling the price of domestic crude oil may well bring this oil under OPEC's price umbrella.

In addition, the vertically integrated oil companies' power arbitrarily to set prices for oil at intermediate stages of production has probably operated to the disadvantage of the independent sector of the industry, which must depend on the integrated "majors" for a significant portion of its basic raw materials; one can hardly expect a company which must rely on its competition for its supplies to be a wholly effective competitor. It is this fact which created the necessity for the complicated "entitlement" program by which the majors have been required to share their supplies of price-controlled crude oil with the independent refiners.

If controls on domestic crude were simply lifted, one of two things would happen: First, the price of this oil would rise to the OPEC price, or second, the price would rise, but to a level below the OPEC price. If the former were to take place, the majors would in effect become partners in the OPEC cartel. If the latter occurred, demands for continuation of the present Government program dividing available supplies of lower priced domestic crude would be strong indeed. Neither alternative is acceptable from a political or economic standpoint. Dilemmas of this kind have undoubtedly contributed to the inability of the administration and the Congress to agree on an energy program, despite the universal recognition of the necessity of such a program.

A mandatory commodity market for crude oil could prove to be a practical and effective remedy for these difficult problems, one which could attract the bipartisan support necessary to bring it about. Channeling domestic sales of crude oil through a commodity market would have the following effects:

First. The price of oil would be determined by competitive forces in the market, rather than by OPEC, the private decisions of the major oil companies, or by the Federal Government;

Second. The independent sector of the oil industry would have free access to crude oil on the same basis as its integrated competitors;

Third. By including sales of imported crude oil, this country would obtain some badly needed leverage over the OPEC cartel; and

Fourth. The information generated by

over $2 billion will do little more than maintain the existing gaps between the Soviet-United States strategic capabilities.

The strategic programs, as presented by the Department, must be continued and are essential to our national security.

I ask you to give these facts strong considerations, if or when an amendment to delete our counterforce programs is offered.

Before closing, I would like to spend a minute or two discussing the B–1 program. There are a number of misconceptions that should be cleared up before we launch into the general discussion on whether or not we should go ahead with the B–1.

Recently there has been a great deal of discussion about the supposedly more practical alternatives to the B–1. I would like to point out that we spent a great deal of time during the past three months looking at some of these so-called practical alternatives. I will be very direct about it—there are none. The Brookings Institute, as many of you know, has recently published a study relating to the need for the B–1 bomber. Several of my distinguished colleagues here today have done quite an extensive analysis of this study and conclude that it grossly misleads the American public. With all due respect to the authors, they overestimate the cost of the B–1 and severely underestimate the cost of their cruise missile alternatives. It is a bit puzzling to me that people are taken in by the results of this study. I would like to point out that the Brookings cruise missile alternative would cost as much as the B–1 unit flyaway cost and provide nowhere near the capability of the B–1. Let me add just one final point on the subject.

One Senator in a recent issue of the CONGRESSIONAL RECORD raises his "fundamental question" of "whether we want to divert so many arms dollars into a system which has such a minimal military role." My fundamental question is, does he really believe—do you people here today really believe—that the B–1 has a minimal military role? Ponder that question after I tell you that over half of our throw-weight today is carried by our strategic bombers.

Mr. Chairman, the R. & D. Subcommittee of the House Armed Services Committee started its review of this year's defense bill back in December 1975. As I stated earlier, we took testimony from just about everybody who expressed a concern over defense spending and could be scheduled to appear before our Committee. Some came in with pretty good arguments, others came in with arguments that were just down-right naive. The latter group told us, for example, how U.S. defense spending should not be gaged on what the Soviets are doing. This is extremely difficult for me to comprehend since I always thought that the Soviets are the major threat. I am sure that many of the arguments that were presented by these people will form a basis for some of the amendments offered here today. I urge you to consider any amendment in the face of the facts and not just a series of rhetorical statements.

I will ask you to ask yourself in every instance whether the proposed amendment, if adopted, will compromise in any way our ability to deter or to ensure our national security. Consider for example, whether it is wise to call a halt to our offensive strategic programs when it is a well-known fact that the Soviets are advancing virtually every conceivable aspect of their offensive strategic capabilities.

Mr. Chairman, I know that there are many demands being placed upon our economy and that a $10.4 billion expenditure for defense R. & D. is of grave concern, but I ask you to share with me today that awareness that defense R. & D. is one area where second best will not suffice. We no longer have the ability to concurrently wage a war and develop technology as we did during World War II. We must keep pace and that is why I ask your support for the R. & D. portion of this bill.

(Mr. DICKINSON asked and was given permission to revise and extend his remarks.)

Mr. PRICE. Mr. Chairman, I yield 10 minutes to the gentleman from Florida (Mr. BENNETT).

(Mr. BENNETT asked and was given permission to revise and extend his remarks.)

Mr. BENNETT. Mr. Chairman, sometimes in the activities of Government things have to be stated very bluntly, otherwise the country may suffer a severe danger or an unhealable wound. This is the circumstance of America today with regard to its national defense structure and particularly with regard to Navy ships.

There is an unquestioned need for more and better Navy ships if our country is to be adequately defended.

The Seapower Subcommittee, of which I am chairman, concluded hearings late in December of 1974 on the situation in the U.S. Navy. In them, the official statement of the Deputy Secretary of Defense, Hon. William P. Clements, is to be found at page 8 of the December 31, 1974, report, No. 93-831, HASC. The Deputy Secretary of Defense at that time outlined a program requesting 38 new major ships for the Navy in fiscal year 1977 and he said (page 10 of the report):

> We are not adequately planning or providing for the level of U.S. seapower that may be essential to this nation's security.

Adm. James Holloway, then and still CNO, said during those hearings that we should have at least 35 new ships a year if we were going to do what we should with regard to the national security of our country (page 12 of the report).

The Department of Defense came to Congress this year with a request not for 38, not for 35 new ships, but for only 16 new ships, and some of them rather insignificant new ships.

Faced with this situation, the Seapower Subcommittee, and the full House Armed Services Committee, brought forth an improved program, hopefully for your approval, which adds $2.241 billion in new ships over the Department of Defense official request. This sum is reduced by $1.153 billion for a net increase of $1.088 billion by reductions in funding that need not be done this year. They do not represent a subtraction from the actual add-on of $2.241 billion dollars of new ships.

For the House Armed Services Committee's proposal is that instead of just 16 new ships, there will be 22 new ships, including 20 brandnew ships and 2 conversions of a major nature. The House Armed Services Committee measure provides two TRIDENT submarines as against one; four nuclear attack submarines as against three; three strike cruisers, long lead items, as against one; one nuclear carrier, long lead items, as against starting this next year.

In addition, the House Armed Services Committee proposal provides for four destroyers (DD 963's); one oiler; one submarine tender; one destroyer tender; a conversion of the cruiser *Long Beach* to put the Aegis system on it, a new anti-air warfare system with far more protection for the fleet than now exists; and finally, a rebuilding of the cruiser *Belknap*, which was seriously injured in an accident, which restructuring will give it far more capability than it ever had before.

For the Trident submarine, the attack submarine, the strike cruiser and the aircraft carrier, the committee has stayed with nuclear power. This was a deliberate choice. There were many reasons.

First. With the cores which come with the ships now lasting about 15 years, the obvious advantage is that the ships do not need anv fuel oil logistics. They can go where they are needed, get the job done and return without having to worry about whether there is enough fuel left in reserve. When needed, they can steam at flank speed without having to slow down to conserve fuel or to wait for any accompanying oiler.

Second. With the unlimited endurance, the nuclear powered ships can be called upon for unexpected duties without having to stop to get refueled first. These duties can be humanitarian, as when the *Enterprise* went to help the island of Malagasy after it had been devastated by a heavy storm. The duties can be military, enabling the ships to respond to a new crisis without waiting for fuel or oilers. During operations, the nuclear powered ships can sail around a bad storm without concern about using too much fuel. They can continue pursuit of a nuclear powered submarine without having to break the trail and go to an oiler for refueling.

Third. The nuclear powered ships are dependable. Because of the care with which they are designed, built, and operated, and because of the extra attention which is paid to the recruiting, selection, training and supervision of crews for these ships, they have a record of dependability far beyond anything else in the fleet. To date not one nuclear powered ship has had to abort its mission because of the failure of its nuclear propulsion.

Fourth. The nucluear-powered ships are clean. Since these ships do not burn any fuel, there are no stack gases. Stack gases, particularly those heavy in sulfur, when combined with salt water can become extremely corrosive. This can affect

the ship, but more importantly it can affect the airplanes on the ship. Corrosion control is exercised with great care on the carriers powered by fuel oil. It is a time consuming, tedious chore, which is not as necessary on a nuclear-powered carrier.

Fifth. Nuclear-powered ships are more effective. During the studies made to determine the proper number of escorts for carriers, it was found that the usual six ship escort when conventionally powered could be replaced by four nuclear-powered ships, and achieve better protection. In part, this is due to the fact that the nuclear-powered ships have more extensive armament on them. In part, again, there is no need for nuclear-powered escorts to go off the screen to get fuel—and they can perform unexpected responsibilities, such as going out to find a plane which has been lost at sea, without having to stop to be refueled first.

Sixth. The United States imports over 40 percent of its crude oil now—and that rate is rising by 4 to 5 percent a year. We are already heavily dependent upon other countries for our oil. This dependence is unacceptable for our military ships. During the Middle East crisis our oil from foreign nations was suddenly cut off, leaving our fighting ships in far waters in precarious conditions. We cannot have our strike forces in our Navy ever caught in that situation again. Nuclear fuel is plentiful here and in nearby friendly countries. Cores can be fabricated in advance and stored until needed. If, as many believe our own oil will run out by the year 2000, we must have a Navy we can still rely on. Nuclear power is the only alternative.

Seventh. Nuclear power saves lives. Without the necessity of slowing down to accommodate an oiler, there is less occasion for a nuclear-powered ship to become a target for submarine attack. Without the need for refueling, that very dangerous practice can be minimized. It is not easy to steam alongside an oiler and manage the oil lines. That hazardous activity can be minimized. Nuclear power enhances the ability of the Navy to get to trouble, handle it successfully and leave, and that is what the Navy is all about. We often hear that nuclear power is too expensive, but that is just not so. The President has just proposed a mixed program of eight conventionally powered ships plus two nuclear-powered ships, with an alternative for seven nuclear-powered ships.

The committee looked at the pricing of the first nuclear and first non-nuclear-powered ships. When the non-nuclear ships were given the same military characteristics as the nuclear ship, and when the price of buying, storing and delivering 3,000,000 barrels of oil—equivalent energy of the 15-year-life cores purchased in the price of the nuclear ships—were considered the nuclear ship was only $122 million more expensive, out of a total cost of $1.4 billion.

The Navy has just figured the price a different way. On the basis of the life time cycle costs of a task force, the all nuclear task force with equal capability but fewer ships, costs 2 percent less than the non-nuclear task force. This is the first time this has been shown. If the nuclear task force is enlarged to include more equal numbers of ships, the over all cost only rises to 4 percent of the lifetime costs. These differences lead us to want the nuclear-powered Navy.

All of these reasons led the Seapower Subcommittee and the Armed Services Committee to continue its reliance on nuclear power—and it found its reasons even more important today than in the past. By these actions, the committee believes that the Navy now will have the capability for "prompt and sustained combat."

To emphasize the situation, the President had requested a $32.7 billion procurement bill, and the committee authorized a $33.4 billion procurement bill, nearly a $700 million increase. This is the first time in years that the committee has recommended more than the President's request. This action reflects the committee's deep conviction about Soviet strategic and naval weapons building and the necessity for our country to do something about it. The House Seapower Subcommittee unanimously approved the increases in the ship-building budget and then the full Armed Services Committee endorsed the recommendation by an overwhelming margin.

Unfortunately, many of the committee's recommendations for our national defense would face a rough road if Congress were not willing to look at the actual facts, listen to this debate and act from the best interests of the country, regardless of any pressures to the contrary.

There are reasons given by people in the public for not adequately defending our country. Some people simply do not believe that the Russians are overtaking us and endangering our freedom. Any detailed study, and there have been many made lately, should convince the doubters that we are in fact falling behind. Secretary of Defense Rumsfeld said on March 29, 1976:

> Over the past 10 to 15 years, the United States has moved from (a military position of) superiority to one of rough equivalency. If the trend continues, we could move out of this position of rough equivalency. We're not No. 1 if you look at basic military capacity.

Then there are some that say that more defense dollars should be shifted to social programs. The trouble with this attitude is that social improvements cannot be achieved or maintained when the country is endangered militarily.

Some say that they want to protest waste in the Pentagon and think the best way to do this is to lop off funds at random from defense programs. While I favor cutting every ounce of fat out of the Pentagon's budget, I do not favor unduly severe cuts in the vital defense programs. At present, defense programs are carefully scrutinized by both the Congress and a number of executive agencies. I wish I could be assured that social and welfare programs receive the same sort of scrutiny.

The public also includes a few unilateral disarmament "freaks," too. Anyone who takes this point of view should be questioned both as to his sanity and as to his realism. There are certainly not very many people in the United States who feel that unilaterally drawing down our arms or unilaterally retaining the status quo in our arms situation is a wise procedure. Today, despotic nations, dedicated to the overthrow of free governments throughout the world, are arming to the teeth. Unilateral disarmament by us would be suicidal. Mutual disarmament is another matter indeed and I am proud that I had a substantial part to play in bringing about the creation of the Arms Control Agency, which is active in research and presentations in that field. Unilateral disarmament, on the other hand, is utter idiocy.

Not only did the extensive hearings of the Seapower Committee bring information to the Congress and to the country that we need to rebuild our Navy at the rate of about 35 ships a year, but new information has come in since that time which underlines this necessity. In bringing forth a new book entitled, "The Soviet Navy Today," Capt. John Moore, a former Deputy Chief of British Naval Intelligence and editor of the authoritative Janes Fighting Ships said this year:

> The Soviet Navy is the most potent in fire power of any fleet that ever existed. American seamanship is almost certainly better but Russia can menace all sea lanes of the world and can do so all the more easily if she were to gain bases in Angola.

So the Chief of Naval Operations this year brought to our committee his personal judgment in a program of a classified amount, a larger sum than the House Armed Services Committee subcommittee allowed. This was after he testified to the full Armed Services Committee that—

> In the broadest sense, for the foreseeable future, we believe that the U.S. Navy will be able to control any ocean or major connecting sea *unless directly opposed by the Soviet Navy.* (Emphasis added.)

All of this is in the face of an official request by the Department of Defense for only 16 ships, many of them very inadequate ships. To the contrary, your House Armed Services Committee is offering you a program of 22 ships, not the 35 that was suggested earlier, but much more than the 16 requested this year. These ships that the House Armed Services Committee is asking you to provide are better ships than the ships in the request officially made. They are ships which the Department of Defense and the Navy desire to build, but just put in an earlier timeframe. We urge that under the present circumstances, we should go forward with a program that will be understood both here and abroad, to bring the U.S. Navy back to the position of being able to maintain the security of our country in a credible manner.

I know that it will be urged that the Department of Defense has recommended as a minimum prudent risk, a shipbuilding program of only 16 ships for the year. This in the face of speeches made by people high in the administration, including the President, to the effect that they are not satisfied, and that this need for a new ship program depends on prompt action. That is one of the reasons why the Seapower Subcommittee came to grips with this matter in such deep detail and has brought to you the program which we have before you today.

We should not, we cannot, wait for bureaucratic reports and we have the sincere and factual testimony from the highest level within the Defense Department which we feel requires what we are recommending in this bill. Your enthusiastic support is solicited.

I have not spoken of the total number of ships that the Navy should have. In 1970. Adm. Thomas Moorer, then Chief of Naval Operations, told the Seapower Subcommittee that there should be about 800 ships in the fleet at 1980. After that, Adm. Elmo Zumwalt, when he was Chief of Naval Operations, said that there should be about 770 ships in the fleet about 1980. Deputy Secretary of Defense Clements recall these testimonies in his statement to our subcommittee in December of 1974 when he added that the then current Joint Chiefs of Staff estimate called for an 800-ship Navy to support our current national defense strategy. The President, Secretary of Defense Donald Rumsfeld, Secretary of the Navy William Middendorf, and the Chief of Naval Operations James Holloway, have all recently indicated that we are heading for too small a fleet.

The ships that the Seapower Subcommittee has advanced to the fiscal year 1977 budget are primarily the powerful heavy hitting ships. We believe, as Admiral Moorer testified in 1971:

> I have always felt it is better in peacetime to build the more complex combat systems. . . . Therefore, it would be better in peacetime to build those systems which require the most time to build.

This is especially why we increased the long leadtime items for two more nuclear-powered strike cruisers which will be the most powerful surface combat ship in any navy except for the carrier. This is why we advanced the long leadtime items for the next *Nimitz* class aircraft carrier. This is why we restored the Trident construction schedule to its former schedule. This is why we added a fourth nuclear-powered attack submarine.

We wanted to be sure that these ships, our most powerful ones, which would remain in the fleet well into the next century would not be dependent upon oil for their operation—especially since there are already forecasts that the United States will run out of crude oil of its own by the year 2,000. We cannot forget the lesson of the Middle East crisis when our overseas fuel oil supplies were denied to our fleet. This position is especially important when it is remembered that our Navy has a "forward strategy" requiring it to operate off of other continents—whereas the Soviet Navy merely has to operate around close by land areas—although it has in fact enlarged its operations worldwide.

We have included in our program some of the cheaper ships. We have kept in four patrol frigates—FFG-7's, until we can study their situation further for a year. We have included four DD 963's, in the program since they are more redundant and capable than the FFG's. There is considerable sentiment among the subcommittee members that the United States should concentrate on building the larger, more expensive ships, while our allies should build the ships for antisubmarine warfare and convoy duty. This position makes a lot of sense.

The important point to remember is that our Navy has been allowed to slip to a precarious state. If we are to remain a free nation celebrating yet more than our 200th year of freedom, we must have a Navy second to none. No one has denied that it will cost money. The Navy is badly in need of new ships. Let us get on with the business of rebuilding the Navy immediately, and take the expense out of other domestic programs or assess the necessary taxes to provide for our security as well as our domestic desires.

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, will the gentleman yield?

Mr. BENNETT. I yield to the gentleman from Virginia (Mr. ROBERT W. DANIEL, JR.).

Mr. ROBERT W. DANIEL, JR. I thank the gentleman for yielding.

Mr. Chairman, I serve on the subcommittee chaired by the gentleman from Florida (Mr. BENNETT). I think our work this year in revising upward the building aims of the Navy was good work. I would like to express publicly my admiration for my chairman for his leadership in this undertaking.

Mr. BENNETT. Mr. Chairman, I thank the gentleman very much for his remarks.

I want to thank him and all of the members of my subcommittee for their hard work on this legislation. Never since I have been in Congress have we had the constant attention that we have had this year on the Subcommittee on Seapower. In fact, no member ever missed very many sessions. That is very unlike what we have had in previous years. There were times in previous years when I was sitting there alone. But this year all of the members did an excellent job in attending and took part in writing up the bill, particularly the gentleman from Virginia.

I want now to pay a compliment to the gentleman from Georgia (Mr. MCDONALD), who will also make some remarks following mine.

Mr. MCDONALD of Georgia. Mr. Chairman, it is essential that all Members of Congress fully understand the significance to the future of the U.S. Navy of action concerning the shipbuilding program recommended by the Armed Services Committee in the bill now before us. I fully support the entire shipbuilding program recommended by the committee, but I want to stress one particular aspect. This bill marks a turning point in the changeover from oil-fired propulsion to nuclear propulsion for our new construction major surface warships.

The 1975 Department of Defense Appropriation Authorization Act, Public Law 93-365, established by law:

> The policy of the United States of America to modernize the strike forces of the United States Navy by the construction of nuclear powered major combatant vessels. . . .

That is the policy we need and the Armed Services Committee recommendations on the fiscal year 1977 program are consistent with that policy. The increasing dependence of the United States on foreign sources of oil, and the rapidly expanding Soviet naval threat, make it obvious that our first line naval strike forces must be given nuclear propulsion in order to free them from complete dependence on a highly vulnerable oil supply line.

The major issue this year is whether the ships to be provided the Navy's new Aegis fleet air defense system will be nuclear powered. The Department of Defense proposes that over the next 5 years we build eight non-nuclear ships and only two nuclear ships with Aegis. This is ridiculous.

The Aegis air defense system is being built for use in the areas of highest air threat. Now I ask you: How in the world can we expect tankers and oilers to survive in the areas of highest threat? And if they do not, what good will the conventional Aegis ships be? We are building nuclear-powered aircraft carriers in order to free them from the propulsion fuel umbilical cord in areas of high threat. What sense would it make to build conventional Aegis ships to provide for their air defense?

The Office of Management and Budget pontificates that we should build only two nuclear strike cruisers because they cost more than the conventional ships. They say that on the average the nuclear strike cruisers will cost twice as much as the conventional ships. and that on a life cycle basis the nuclear strike cruisers will cost two-thirds more per ship. But they fail to point out that the antisurface missile systems on the nuclear strike cruiser can cover 25 times the area covered by the antisurface missiles on the conventional ship, and that the 8-inch gun on the nuclear-strike cruiser can cover about 9 times the area covered by the 5-inch guns on the conventional ship. They fail to point out that the nuclear-strike cruiser is far less vulnerable, since it has over 1,000 tons of fragmentation armor and other improved passive defense features designed into the ship that are not included in the conventional ship. The nuclear-strike cruiser is not only nuclear powered, with reactor cores which will provide for 15 years of operation, but it has far superior military characteristics other than nuclear propulsion.

After very careful consideration of all the facts, the committee concluded that all the Aegis ships built for the strike forces should be nuclear powered. I concur with that conclusion. It is time that the analysts in the Department of Defense and Office of Management and Budget faced up to reality as to the need for nuclear-powered warships for our first line naval strike forces.

The committee recognizes the urgent need to get the Aegis fleet air defense system into the fleet as soon as possible, and therefore has recommended that the present nuclear cruiser *Long Beach* be converted into an Aegis-equipped nuclear strike cruiser as soon as possible; $371 million is included in the committee's recommendations for this year in order to get started on this.

In order to get started on a continuing program of nuclear-strike cruisers, the committee increased the advance pro-

curement funds authorized for this class of ships from the $170 million requested to the $302 million identified in the President's alternative all-nuclear Aegis ship program.

I strongly endorse these proposed actions on Aegis ships.

The Department of Defense proposes to build two nuclear-powered aircraft carriers over the next 5 years. However, they have deferred advance procurement funds for the first carrier, the CVN–71, from fiscal year 1977 to fiscal year 1978. The committee learned that this delay would increase the cost of the ship a minimum of $178 million, delay the ship at least a year, and possibly jeopardize the industrial base for building the ship and its major components. If we are going to build additional *Nimitz* class aircraft carriers, and I personally think we must, then it would be absurd to force the taxpayers to absorb the unnecessary increase in cost that would be caused by delay. Therefore, I strongly endorse the committee's recommendation that $350 million be provided in fiscal year 1977 for advance procurement of the nuclear propulsion plant components to keep the carrier on its original schedule. Even with this funding, there will be a 4-year gap between the delivery of the *Carl Vinson*, CVN–70, now under construction, and the next nuclear carrier, CVN–71.

I believe that anyone who studies the committee's hearing record will come to the same conclusion on these matters the committee has. The only argument the Defense Department makes against nuclear power for surface warships is that they are "too expensive." The argument can be made that all new weapons are too expensive when the costs are compared to the obsolete weapons they replace. Apparently when the Department of Defense decides it wants something, expense is not the criterion. When Congress wants it, it becomes too expensive.

Aside from the statements about expense, no other reasoned or technical judgment has ever been given by the Department of Defense to justify its stand against nuclear surface warships. They simply fail to address the issue of the vulnerability of our propulsion fuel supply lines upon which the nonnuclear ships are totally dependent. Those who do recommend nuclear powered ships give reasoned arguments—arguments which have never been specifically rebutted. In this regard I would like to call the attention of every Member of this House to Admiral Rickover's statement concerning nuclear warships which Senator PASTORE introduced in the CONGRESSIONAL RECORD on April 5, 1976, starting on page S4994. That statement sunmarizes the entire issue and presents the facts.

The impression given to the public is that the Defense Department has reached its conclusion against nuclear warships based on scientific analysis. Despite the many specific requests to the Department made by the committee, they have not presented to the Congress a scientific analysis supporting their position. We must therefore conclude that their position will not stand the test of objective scrutiny.

Based on detailed study and appraisal of the military effectiveness and the cost of nuclear powered and conventional warships, and careful consideration of experience of naval forces in combat, a former Chief of Naval Operations, Adm. David L. McDonald—a fellow Georgian and, I am proud to say, a distant relative—stated:

> The endurance, tactical flexibility, and greater freedom from logistic support of nuclear warships will give the United States an unequaled naval striking force. Our new warships, which the Navy will be operating into the 21st Century, should be provided with the most modern propulsion plants available. To do less is to degrade effectiveness with grave implications for national security.

The determination of overall force levels and the precise number of ships to be built in the next several years will no doubt be the subject of continuing debate. However, with the problem of declining size of the U.S. Navy, and the rapidly expanding Soviet naval threat staring us in the face; and the exemplary performance of the two nuclear carriers and the five nuclear cruisers now in the fleet; and the increasing dependence of our Nation on a tenuous supply of foreign oil—it is clear that construction of the nuclear ships for which funds are provided in this bill is a minimum requirement. We should proceed forthwith without delay. Under no circumstances should we hold up while more studies are made.

The determination by Congress to insist that nuclear propulsion be provided for major combatants built for our naval strike forces will go far toward determining the strength and flexibility of U.S. seapower for decades to come. I urge all my colleagues to support it. Our survival may ultimately depend on it.

Mr. BOB WILSON. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina (Mr. SPENCE).

(Mr. SPENCE asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, as a member of the Armed Services Committee, I have long held a special interest in, and concern for, the security of our Nation. As ranking member of the Seapower Subcommittee, a good portion of my interest and concern is directed to the status of our fleet.

In these committee capacities, I have had the occasion to participate in one of the most thorough examinations of our Navy that has been attempted in Congress for many years. Under the able chairmanship of the gentleman from Florida (Mr. BENNETT) we conducted 5 days of hearings on naval readiness, and the general conditions of the fleet. Twelve more days of hearings were organized to study the fiscal year 1977 shipbuilding program.

In addition to the subcommittee hearings, the full Armed Services Committee under the leadership of chairman PRICE studied the Navy very carefully. The full committee schedule included 10 days of hearings on overall defense programs, and a few additional days were taken to concentrate on the posture of the Navy.

What we learned in the course of this extensive study caused us great concern, Mr. Chairman, and it is our purpose today to convey this concern to our colleagues.

If the people of the United States were to discover that their representatives in Congress were unilaterally disarming this Nation in the face of growing enemy power, I believe that they would revolt—if not in the streets, certainly at the polls this fall. Yet, so far as our naval forces are concerned at least, that is exactly what Congress has allowed to happen since 1968. Everything that we heard in committee indicates this dangerous trend, and a recent Library of Congress study confirms it.

For example, consider the following statistics:

In 1968, we had 975 ships in the active fleet.

At the end of fiscal year 1974, there were 511 ships.

At the end of fiscal year 1975, 496 ships.

By the end of this fiscal year, our fleet will be comprised of only 487 ships of all types.

If this trend continues, we will clearly be down to less than 400 ships by 1985; meanwhile, our enemies are putting great emphasis on their own naval strength, undergoing a building program of unprecedented proportions.

The committee report details further disturbing facts and figures. For example, my colleagues should especially note the lack of sufficient numbers of modern surface combatants capable of standing off the Soviet fleet in areas where our interests are greatest.

It is not my purpose to convince you that our Navy is a hopeless "basket case." It is not. But our Navy is seriously ailing when compared with that of the Soviet Union, and it is badly in need of a transfusion. It is the opinion of your committee that the shipbuilding program which we are recommending for fiscal year 1977 will provide this new blood—the vital first step needed to rebuild our Navy.

Since the process of deterioration has taken place over a number of years, we obviously cannot reverse that process in a single year. For this reason, our program is not the final answer. It is not a "get well" program. At the same time, we want to emphasize that it is much better than the proposal which was first presented to the committee. It represents our best judgment, after many days of study and consideration, of what the Congress should adopt this year.

Generally, the committee program is aimed at increasing the number of ships, which we must do, while assuring that the Navy of the future will have greatly improved offensive and defensive capabilities. It is important to note, however, that the bill before us now would not improve the Navy's readiness until the 1980's. For example, even the two Fleet Oilers which we are seeking will not be delivered to the Navy until 1981; and it will be 1984 before the replacement carrier will join the fleet.

Also, I want to point out that the ships which we recommend this year represent a long-term investment. They will be on

the oceans of the world, defending our country's interests, for 35 to 40 years after they are delivered—long after the last tank and aircraft authorized by this bill will have been cut up for scrap.

So, what we do today affects not only the security of our constituents and their children, but also that of their children's children. For this reason especially, Mr. Chairman, I am dismayed by the shallowness of the arguments being made with respect to the future of our Navy.

Some of the proposals, which amount to unilateral disarmament in relative terms, are made by those who have no access to the facts which are available to Members of Congress. These can be excused as being naive. The dangerous arguments, however, are those which are made by individuals who are in a position to know better—often for some imagined political gain.

For example, there is the theory which holds that the Navy can handle its global responsibilities with greater numbers of smaller, cheaper craft. These people argue that carriers, air defense vessels, and other capital ships are only "targets" anyway, and have no value in our Navy. They would build enough "small cheap ships" that we could lose many of them in a confrontation with the Soviet Union, and still have some left. I call this the "disposable Navy theory."

Another approach is to build no new ships at all—that we just repair the ships that we now have. This can be appropriately referred to as the "vanishing Navy theory."

As my knowledgeable colleagues know well, these simplistic arguments ignore the basic and critical missions of the U.S. Navy. These are:

The ability to operate successfully against potential enemies while far from home waters, and to do so without land bases if necessary.

The ability of the ships of the fleet to reinforce, support, and protect each other, while together they accomplish the goal assigned to the entire force.

They also ignore the realities of the Soviet threat, as it now exists, and will exist in the future. Without balanced countering forces, Soviet submarine, surface, and naval air forces will be able to convert the Atlantic and Pacific into high threat areas where small unsophisticated ships cannot survive.

Furthermore, the adoption of a long-range naval policy dependent upon small, incapable ships,would compel the adoption of a "Fortress America" policy. In such a case, our commerce with other nations over the sea lanes would be at the sufferance of the Soviets.

In short, capitulation to either of these theories would be, over the long run, a sure route to naval suicide.

I do not believe that the people of this country want a Navy which is second only to the Russians. I do not believe that the people want a Navy which has achieved rough parity with the Russians. I believe that our constituents want nothing less than unquestioned American superiority the next time that our Navy must confront the Russians at sea.

Mr. Chairman, as I suggested earlier, the fiscal year1977 shipbuilding program recommended by our committee is not the program submitted in the President's budget. We were dissatisfied with the adequacy of the program as submitted. I understand the administration has doubts, also, It was therefore incumbent upon us to present an authorization which fulfills our constitutional responsibilities.

The Constitution of the United States assigns to the Congress alone, the author and responsibility for the status of our Navy. In article I, section 8, we are clearly mandated "to provide and maintain a Navy." We interpret that responsibility to mean the maintenance of a Navy which can effectively support our foreign policy, protect our commerce, and maintain open sea lanes. It is our responsibility and ours alone. It is a grave responsibility, and one for which the price of failure is the loss of all we hold dear.

Thus, our bill adds $2.2 billion in real shipbuilding program value, which represents an increase of $1.1 billion in the amount requested. As our report explains, the advancement of ships from later in the DOD 5-year shipbuilding plan, will result in cost reductions totaling $547 million by avoiding future inflation. Also, we recommend 4 new ships and 2 ship conversions in addition to the 16-ship program presented to us.

Most importantly, the committee did not merely acquiesce in the types of ships requested. Instead, we have restructured the program with the result that more ships with greater firepower, range, and antisubmarine warfare capability will be provided.

So, Mr. Chairman, in arriving at the fiscal 1977 shipbuilding program, your committee was very mindful of its duty under this Constitution. In altering the President's proposal, we are properly exercising one of the key powers granted us by those who framed our form of government. Under our system, the President is Commander in Chief of the military, but only Congress can raise and maintain armed forces. The President can seek war, but only Congress can declare it. It is a carefully crafted system which prevents unchecked military power from being joined in one person.

The Congesss shall have the power . . . to provide and maintain a Navy.

Mr. Chairman, the power is ours alone, and the duty is ours alone. Only we can provide a strong national defense. We cannot shift the responsibility—or the blame.

So let this be the year when we send a message to the Kremlin, and to those we represent back home. The Congress of the United States recognizes a dangerous trend, but we will turn it around. We will build and maintain a Navy which is representative of America: second to none in the world. Let that message begin here, in the people's House, with an overwhelming vote for this bill.

Mr. PRICE. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. NEDZI).

(Mr. NEDZI asked and was given permission to revise and extend his remarks.)

Mr. NEDZI. Mr. Chairman, titles III through VI of H.R. 12438 respectively deal with active duty, reserve, and civilian personnel strengths in the Department of Defense, as well as the military student training loads for fiscal year 1977.

Although there are some minor adjustments in the other titles, the major changes recommended by the committee to the Department of Defense's request appear in title IV affecting the average strength of the Naval Reserve, and in title V in the authorized end strength for civilian personnel.

In title III, the committee recommends end strengths for active forces as follows:

Army	790,000
Navy	544,904
Marine Corps	196,000
Air Force	571,000

The total of 2,102,000 active duty personnel is approximately 4,000 less than were authorized last year.

With the exception of the Navy, these strengths are those requested by the Department of Defense. The committee's recommendation for the Navy is 904 higher than the requested figure. This minor increase results directly from the committee's recommendation to increase the Naval Reserve. This number represents necessary active duty personnel utilized in support of Naval Reserve training who were not included in the request because of the proposed major reductions in Naval Reserve strength.

Within these totals are a variety of program actions which will provide a leaner, more capable military force in fiscal year 1977.

In the overall composition of the force, the number of officers as compared to enlisted personnel will decrease. A more obscure—but nonetheless important—improvement will occur as the number of personnel who are in a student, transient, patient, or prisoner status are decreased. Personnel of this character are a necessary fact of life in any organization of this size; however, by their very nature these individuals are in an unproductive capacity. In fiscal year 1977, through a series of management actions, the number of personnel in these categories at any one time will be reduced by more than 13,000.

The Army will complete its 16-division force in 1977 as two active brigades are activated. The Army has converted 16,000 personnel assigned to support functions for use with the new brigades and to improve the manning of existing combat structure. With these adjustments, the Army's combat-to-support ratio in fiscal year 1977 will be 54/46 as compared to a ratio of 41/59 in 1972.

Another action of importance for fiscal year 1977 will be the deployment of an adidtional combat brigade to Europe. Two years ago, in the defense authorization bill, the Congress told the Department of Defense to provide more combat capability for our forces in Europe, and accomplish it by removing excess support personnel. The deployment of this brigade is one response to that guidance and will be accomplished with no increase in our troop strength overseas.

The Navy will increase in authorized

strength by 12,000 in fiscal year 1977. This increase results from a net increase of nine ships in commission and an increased manning in current ships. Although there is an aggregate increase in personnel, there were also actions taken reducing the number of personnel in support positions.

The Air Force active duty strength shrinks by approximately 16,000 in fiscal year 1977. The majority of these reductions result from support efficiencies. At the same time, the Air Force will activate an F-5F fighter training squadron and increase the crew ratios in fighter squadrons.

Title IV authorizes average strength floors for the Selected Reserve of each of the Reserve components. The committee recommendations are:

Army National Guard	390,000
Army Reserve	215,700
Naval Reserve	102,000
Marine Corps Reserve	33,500
Air National Guard	93,300
Air Force Reserve	52,000
Coast Guard Reserve	11,700

With one exception, these are the strengths requested by the Department of Defense in fiscal year 1977 by the administration.

The strength requested for the Naval Reserve in fiscal year 1977 by the administration was 52,600. That compares to the 106,000 strength authorized and the 102,000 strength funded last year. The committee examined the basis for this request in some detail and found it unconvincing at best. The Navy has recently completed a comprehensive study of its Selected Reserve which, for the first time I can remember, begins to make sense in terms of actual requirements. This study indicates a requirement for a Selected Reserve strength of 102,000 and our testimony indicates that the officials responsible for manpower requirements in the Department of Defense support the validity of this study.

Title V establishes an end strength for civilian personnel in the Department of Defense. The strength recommended by the committee—1,040,981—is a ceiling for the Department of Defense as a whole and allows the Secretary of Defense to allocate these numbers among the services. The administration request was for an authorization of 1,035,800 which was 28,600 lower than was authorized last year. The committee's recommendation increases the request by 5,181 in two separate actions. One hundred and eighty-one of this increase results from the action with respect to the Naval Reserve and is attributable to civilian positions necessary for the training of reservists restored by the committee recommendation. The remaining 5,000 of this increase is recommended specifically for the Air Force. The Air Force has borne the brunt for the Department of Defense-of personnel reductions in recent years. The committee was concerned that these reductions have adversely affected aircraft maintenance and supply activities. The increase is an attempt to offset these potential deficiencies.

As a matter of note, the committee was presented with substantial evidence of a serious amount of grade creep among civilian personnel in the Department of Defense. We will watch this carefully and have put the Department on notice that a solution to this problem must be forthcoming.

Title VI establishes the military training student loads for fiscal year 1977. These loads, which are in the bill before you, are as follows:

Army	81,429
Navy	66,914
Marine Corps	25,501
Air Force	49,610
Army National Guard	12,804
Army Reserve	7,023
Naval Reserve	1,257
Marine Corps	3,562
Air National Guard	2,232
Air Force Reserve	1,107

Mr. Chairman, the committee spent a great deal of time examining in detail the manpower program for the Department of Defense in fiscal year 1977. While I have made some attempt to outline some of the highlights, which the committee report amplifies, I think it might be beneficial to give you my personal impression of the program. For more than 13 years, I have been subjected to each of the DOD presentations on manpower requirements. They are not the stuff of which novels are written. However, for the first time, in the last few years, it now appears that management has a firm control of the system and is making sense of the entire structure. I will not suggest that this proposal represents optimal productivity within the structure, but an effective effort is being made and, under the circumstances, I believe it is in the Nation's best interest to support this program and the efficiencies it promises for the future.

Mr. PRICE. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. CHARLES H. WILSON).

(Mr. CHARLES H. WILSON of California asked and was given permission to revise and extend his remarks.)

Mr. CHARLES H. WILSON of California. Mr. Chairman, fiscal year 1977 is the year for the decision of the B-1 manned strategic bomber. We will be making a decision within the next day or two that will have a tremendous effect on our national security throughout the remainder of this 20th century.

I would be naive if I did not think that there is opposition to this program. I would be even more naive if I did not know that a great deal of the opposition to the B-1 is based on misconceptions and misinformation. I believe that all of us here today are entitled to have the facts about the B-1.

Let us set aside the question of the B-1 for a moment and address the continued need for a strategic bomber. There are, as you know, three legs to our Triad. The ICBM and submarine legs have both their advantages and inherent deficiencies. The Soviet improved accuracy programs, for example, will make our ICBM silos vulnerable during the early 1980 time frame.

The strategic bomber complements the other two legs of the Triad and provides this country with the flexible response that is required to insure our national security. Today over half our megatonnage is carried by our strategic bomber force. For those of you who question the need for a strategic bomber, I ask you not to lose sight of the fact that during the past decade, the Soviets have forged ahead with the development and deployment of their Backfire bomber.

The need for a manned strategic bomber should be readily apparent to each and every one of us today. Even the most vociferous critics of the B-1 recognize the need for a strategic bomber. The highly publicized Brookings Institute study opposes the B-1, yet, recognizes and acknowledges the importance of the strategic bomber in the first sentence, of the first chapter, of the publication.

The point of departure relates to which bomber we carry into the 1980 and 1990 time frame. Some people advocate the continued use or modernization of the B-52. Others contend that a stretched version of the FB-111 would satisfy our bomber needs throughout the course of this century.

To me the need for the B-1 is as readily apparent as the need for a strategic bomber. The B-1 is the most effective weapon system from both the cost and performance points of view based on the known 1980 threat and scenario.

I am not alone in this contention. The GAO—perhaps the biggest critic of the Department of Defense—concluded in their B-1 study of last year that this aircraft is the most cost effective weapon system to meet the threat postulated by the intelligence community and the Department of Defense.

I would like to summarize here today the reasons why this is the case. Let me take the alternatives one by one.

First, the B-52 as it is currently configured. This strategic bomber has served us in an exemplary manner. It has been a very capable weapon system that became the conventional workhorse of the Vietnamese conflict. By 1980, most of our B-52's will be 20 or more years old. They have all the characteristics of 20-year-old technology. They cannot fly as low or as fast as the B-1. They do not have the electronic countermeasures (ECM) capability of the B-1. Their radar cross-sectional area is much larger than the B-1—all of which make the B-52 easier for the Soviet air defense radars to detect and neutralize.

Now, it goes without saying that we can modify the B-52's to enhance their operational effectiveness. You can re-engine them—you can add more capable ECM equipment—you can re-wing them—all of which would cost about $45 million a copy. With this investment, you would still have a 20-year-old bomber that would be difficult to hide from the Soviet air defense radars and would not have penetration capability of the B-1.

Let me turn next to the FB-111. Yes, it is true that a stretched variant of the FB-111 would cost only about one-third as much as the B-1. But considering equivalent performance—

You would need three FB-111's to do the job of one B-1;

The range of these FB-111's would

enable us to hit only 10 percent of the target objectives if refueled in Newfoundland; none, if unrefueled. By comparison, the B–1 could hit 50 percent of our target objectives unrefueled and naturally, 100 percent of them if they are refueled;

The tanker fleet to support the 600 to 700 FB–111's would have to be doubled and that means increasing the whole support facility and the pilot training program; and

The FB–111 force would require about 2,000 crewmembers—and an additional 1,000 crewmembers for the extra tankers.

Finally, while the FB–111 would cost only one-third of the unit cost of the B–1, the operational and support costs would be significantly higher for much less capability.

Earlier I referred to the Brookings Institute study that opposes the procurement of the B–1. I will not go into extensive detail on this study since you will be hearing more about it from some of my colleagues here today and tomorrow. The authors of the Brookings study propose the use of cruise missiles in lieu of the B–1.

Simply stated, cruise missiles cannot do the job of the strategic bomber. Cruise missiles have inherent deficiencies that we have been aware of since their inception. They do not have much in the way of either maneuvering or ECM capability. They fly slowly and do not have the range necessary to attack and penetrate many of our target objectives. Cruise missiles have their place in the U.S. inventory. Their place is to complement—rather than compete—with the B–1.

The authors of the Brookings study pass off lightly the fact that it would be quite expensive to develop and deploy a capable cruise missile system. They propose, for example, the Boeing 747 commercial aircraft as a cruise missile platform. Today's price of a 747 exceeds $35 million per aircraft. Excluded from this price are military specification hardware, avionics, launching systems, among other subsystems. When all of these factors are added together, the cost of a proposed cruise missile carrier would easily exceed $65 million per system.

In comparison to the present estimate of $72 million for the B–1—in escalated dollars—the cruise missile becomes a very unattractive alternative.

I think there are many misconceptions about how much the B–1 really costs. The unit flyaway cost of the B–1, in escalated dollars, is $72.9 million.

The projected program acquisition cost—that is, the cost of the hardware plus all of the R.D.T. & E. amortized over the buy of 244 aircraft—is $87.6 million per copy in escalated dollars. Sure, the price is high but it is, nevertheless, the price that has to be paid for the kind of capability that the B–1 provides.

Comparatively speaking, the Concorde supersonic jet transport costs over $50 million per copy and this is not a fighting aircraft.

While I am on the subject of cost, I would like to clear up any misconceptions that there are concerning the B–1's track record. The program, at its inception, was estimated to cost $9.9 billion. This was for a 244 aircraft buy plus the R.D.T. & E.

The projected total cost of the B–1 program is $11.1 billion.

The $22 billion program cost that the critics advertise is the $11.1 billion B–1 cost plus nearly $11 billion for inflation.

If the Congress wishes to accelerate procurement of the B–1, it can save as much as a half billion dollars per year. This can be accomplished by directing the Defense Department to produce five aircraft per month rather than the currently planned three aircraft per month during the 1980 and later production period.

I was reading in a recent issue of the CONGRESSIONAL RECORD that some Members of the Congress are laboring under the thought that the B–1 represents a $92 billion commitment on the part of the American taxpayer during the next 10-year period. This is pure nonsense. This $92 billion estimate attributes the cost of a completely new tanker force to the B–1 program. The fact is, this country needs and will build a new tanker force with or without the B–1.

Next, let me turn to the current status of the B–1 program. I have seen a number of press releases recently that point out the technical problems that the program is having. Can anyone tell me about a research and development program that has not had technical problems during the course of its development? There are no technical reasons that are known today that will preclude the successful deployment of the B–1 aircraft on schedule.

The B–1 has had more testing to date than any other aircraft at a comparable point in its development. The B–1 test program is demonstrating its readiness for production in its aircraft structural tests, its flying quality tests, its engine development tests, and every other test that has been delineated in the previously developed test plan. At this time, I am confident—the Air Force is confident—and many of the critics of the program are confident, that the B–1 can and will do the job that it was intended to carry out.

I know that some of you here today came prepared to vote against the B–1 because you thought there were more practical alternatives that could do the job. I hope that I have convinced you that this is not the case. The alternatives that cost less than the B–1 provide an unacceptable level of capability. The alternatives that the critics allege will provide equivalent performance do not, in fact provide equivalent performance but do, in fact, cost more than the B–1. In addition, the stretchout which would be the result of a funding deferral is not only completely unnecessary, but would cost American taxpayers in excess of $500 million.

I hope that all of you recognize the continued need for a strategic bomber force, the importance of this bomber force to our military posture, and the need to select the B–1 as the bomber that will help insure our Nation's security into the 21st century.

Mr. PRICE. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia (Mr. DAN DANIEL).

(Mr. DAN DANIEL asked and was given permission to revise and extend his remarks.)

Mr. DAN DANIEL. Mr. Chairman, I rise in strong support of this legislation with particular emphasis on the points made by my colleague, the gentleman from California (Mr. CHARLES H. WILSON) and I agree with the gentleman when he said that the most important social service any government can do for its people is to keep them alive and free.

Mr. Chairman, I join with my distinguished colleagues here today who recognize the importance of the B–1 to our military posture, and want to take this opportunity to express my support for the program.

The role the strategic bomber plays in our Nation's defense needs has been demonstrated time and time again. The Soviets apparently have no problem in recognizing the significance of the strategic bomber. They have developed and deployed their Backfire bomber—an aircraft that significantly enhances their existing complement of ICBM's and submarine forces.

Much of the opposition to the B–1 emanates from a misunderstanding and lack of appreciation of the importance of our strategic forces.

If we examine the facts, the need for the B–1 is obvious. First, the B–1 is not intended to—and cannot—replace either the submarine or ICBM elements of our Triad. Our ICBM and submarine forces cannot meet all our requirements. The B–1 compliments these forces, and combined with them provides this country with the strategic power to insure deterrence.

Second, there are those who admit that the strategic bomber is necessary, but feel that the B–52 will be adequate throughout this century.

Mr. Chairman, the B–52 will be 30 years old in the early 1980's. It represents 1950 technology. Based on the current threat, the penetration capability of the B–52 is acceptable. Time will not stand still for us, though.

The B–1, coupled with the B–52, will insure the bomber element of our Triad into the 21st century.

Third, the environmentalists are fearful that the B–1 will seriously affect our environment. I am concerned for our environment, as are many here today. But the B–1 will have nowhere near the adverse environmental impact that the critics are proclaiming. It will not endanger the ozone layer of the atmosphere, for the simple reason that it will not operate in the ozone layer except on infrequent occasions. And finally, no one has proved conclusively that damage to the ozone layer is caused by air flight.

Next there is the question of cost: The critics allege that the B–1 will be the most expensive aircraft ever built. By the same token, your 1976 automobile will be the most expensive ever built. The 1976 loaf of bread is perhaps the most expensive loaf of bread ever baked. In 1976, we will be compelled to pay 1976 prices for our commodities. In the case of the B–1 the present cost estimates

include escalation through 1986. Discounting inflation, the B–1 program has experienced only a 12-percent cost growth since 1970. And finally, this should be said.

Since I have been a member of the Armed Services Committee, I cannot recall an aircraft that has been tested so extensively during its research and development phase as the B–1. And I have never known of a weapon system development program which did not experience problems during its research and development phase. The fact of the matter is, the B–1 is flying—will continue to fly—is meeting the mission expectations defined by the Air Force back in 1970—and if the current trend continues, it will be deployed on time.

The decision that confronts us today on this program is indeed serious. It could spell the difference between a continued period of deterrence and our engagement in a war.

Remember, our primary mission is to avoid a war and in order to do this, we must have this strategic weapon of peace.

I hope that the decision we make will be based on facts, rather than on misleading rhetoric.

A recent colleague letter proposes to defer the funds for the B–1 stating that the Armed Services Committee "is convinced that there is a high possibility that the Department of Defense in November of this year will have all the data necessary to make a decision on procurement of the aircraft." The letter goes on to state:

> Unfortunately, that same Committee has been convinced in the past that the results of marginal aircraft testing programs had all the data necessary to make a decision on procurement and the Congress has wound up authorizing such notable white elephants as the C–5A.

I believe that this criticism of the Armed Services Committee is unwarranted. While it is true that the C–5A has not met its design goal with regard to its wing life, it proved to be far more than a white elephant during the Mideast conflict. The C–5A carried a total tonnage of 10,763 tons on 145 missions for an average of 74.2 tons per mission. More importantly, it carried outsize cargo like the M–60 tank, the M–48 tank, fuselage and wings for the A–4E, the CH–53 helicopter, and many other items that could not be carried by the C–141 or other aircraft.

Let me suggest, if you seek a simile from the animal kingdom, that the Israeli troops whose survival depended upon them would more likely describe the C–5A as a valued beast of burden.

I did not read a single thing in this colleague letter that reflected the many things that have been proposed by the Armed Services Committee and authorized by the Congress that enable us to deter war and that have made it possible for all of us to be here today talking about the B–1.

I put my faith in the good judgment of this body.

I believe you will separate the facts from the myths and in doing so, join me in supporting this vital B–1 weapon system.

Mr. BOB WILSON. Mr. Chairman, I yield 1 minute to the gentleman from Louisiana (Mr. TREEN).

(Mr. TREEN asked and was given permisison to revise and extend his remarks.)

Mr. TREEN. Mr. Chairman, I rise in support of H.R. 12438.

I have the honor of being the ranking minority member of the Military Personnel Subcommitee which has jurisdiction for the manpower portion of the bill—titles III through VI.

The Military Personnel Subcommittee conducted a series of 11 hearings over the course of 2½ weeks in its review of the Department of Defense's request for manpower. Further, the full committee had a series of hearings in December and again in February—lasting several weeks each—in which many diverse viewpoints on the defense budget in general, and the manpower strengths in particular, could be aired. We heard from representatives of SANE, the Brookings Institution, and many, many others. The coverage of these hearings was very broad, but it did provide an opportunity for the Members to have access to all relevant viewpoints and to then, in turn, present their concerns to Department of Defense witnesses.

This effort was made by the committee so that we would be in a position to conduct a careful and detailed review of the fiscal year 1977 defense budget and its underlying assumptions. We have done just that.

It is clear from our examination of these proposals that, in the manpower area, the present force is the minimum size consistent with our national security interests. The reductions from the Vietnam experience are complete. Barring a change of major proportions in our international relationships or a basic reassessment of our foreign policy commitments from within, the foreseeable future will demand a force structure of essentially the size as exists today.

I will not stand before you and suggest that the manpower figures the committee is recommending are absolutes. The 2,102,000 figure for the active force can vary a few thousand either way as management improvements occur: however, what is important is that the United States maintain a conventional force that is militarily credible. That is the basis on which this number is established. This force will provide 16 Army divisions, 3 Marine divisions, a naval fleet of 489 ships, and an Air Force of 26 tactical fighter wings and 20 strategic bomber wings.

These elements represent a force structure which our best analytical efforts delineate as the minimum force necessary for conventional credibility. The cost of maintaining a military structure of this size is significant, and this is the aspect on which we all too often focus. However, it is more important that we recognize the real advantages which accrue to this Nation from the existence of this conventional force.

History has clearly shown that nations will seek to take advantage of perceived weaknesses on the part of their neighbors. It is also clear though that such adventurism is deterred by evident military capability on the part of a potential adversary. What we are buying in the first instance then is a visible military capability which preempts the notion that inexpensive gains are possible. An analogy to a police force is not inappropriate for this military role as it is clear that the real value to society is maintaining a police force is not as much for the criminal activity it apprehends and punishes, but rather the incipient criminal activity which it discourages through its mere existence.

Credible conventional forces provide a safety margin to this nation at a second and very real point in a military conflict. If deterrence fails and armed conflict breaks out, it is vitally necessary that escalation to nuclear warfare not occur. Our conventional forces are capable of engaging in a conflict of almost any proportion with effectiveness. Thus, a period of time for rationality and diplomacy to stabilize the atmosphere is created and, hopefully, to thwart the inclination to resort to nuclear weaponry.

The existence of these two elements are fundamental to the Nation's existence. Their nature is such that they must be purchased by advance planning and investment in conventional forces—after-the-fact commitments are too late and too costly.

Mr. Chairman, having said all of this about the necessity of maintaining the existing force structure, it is also important to state that within this force structure efficiencies in terms of the utility of the structure and the productivity of personnel can be expected. We have been active in assuring that every effort is being made to maximize the utility of this force. At present, it appears that the impact of inflation and the increases in the cost of manpower are providing incentives for Department of Defense managers to scour the structure for efficiencies. We will insure this process continues.

The defense program as presented in the committee bill before you is a good blend of what is necessary for our national security, and insurance against unnecessary and inefficient functions.

I urge your support of H.R. 12438 and the defense program it represents.

Mr. BOB WILSON. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. WHITEHURST).

Mr. WHITEHURST asked and was given permission to revise and extend his remarks.)

Mr. WHITEHURST. Mr. Chairman, about 40 years ago Winston Churchill stood in a parliamentary setting much like this one and in an effort to get the attention of his colleagues, he said, "Listen." And they fell silent. He said, "I think I hear something." He said, "Yes, it's quite clear now." And they strained as if they heard the sound that Churchill heard. He said, "It is the sound of marching men, the boots of 2 million Germans and 1 million Italians splashing through rain-soaked fields, crunching the gravel of parade grounds in Central Europe."

This is somewhat less of a dramatic moment here this afternoon but the clear and apparent danger to this Republic

is no less than it was to England 40 years ago.

There is some growth in this defense budget—not as much as some of us would like, but I stand here warning the Members that if we cut this budget, we are going to be in the same position England stood in 40 years ago.

The committee's judgment on the need for real growth was not arrived at lightly. Criticisms of past management practices in the development and procurement of major weapons systems are not without substance; there is—and will continue to be—significant room for improvement in the efficient utilization of defense moneys. But, even under ideal circumstances, certain basic realities must be acknowledged.

First, the level of defense appropriations cannot be influenced by wishful thinking about the underlying motives of Soviet military expansion. They must be determined, pragmatically, by an evaluation of what is necessary to maintain adequate deterrence against the threat.

Second, it must be recognized that there is an ultimate limit to the benefits to be derived by efficiencies. The real cost of defense like the real cost of everything else in our society, is going up. This results from two interrelated factors. The labor content of purchases from industry is increasing in real terms because the standard of living, as expressed in real wages, rises steadily in an expanding society. And this real growth in labor content is only partially offset by increases in productivity because of the growing cost of implementing governmental mandates on environmental and industrial safety.

The real cost of defense purchases in the specific area of modern weaponry also reflects another fundamental reality: the sophisticated weapons of the future simply do not equate in real cost terms with predecessor systems. Put in simplest terms, a modern F–16 fighter cannot be purchased for the same real cost that procured a counterpart system suitable to our needs in World War II or the Korean war. To conclude otherwise is to conclude that the cost of technology is free. The vast improvement in fighting power of modern systems must be paid for.

If, then, we are to maintain a deterrent force suitably modernized and ready to meet the threat which exists, the question which confronts the Congress is not whether there should be real growth in the defense budget, but rather, what constitutes an adequate level of real growth to maintain the requisite deterrent.

The balance of evidence considered by the committee indicates that the level of purchases from industry must grow by at least 4 percent per year in real terms in order to maintain a constant level of deterrent. The Department of Defense believes that because of efficiencies in the personnel area, this purchase growth can be sustained within an overall real growth rate of 2 percent per year for the total defense function.

It will be pointed out that the real growth in purchases from industry proposed in the fiscal year 1977 budget is 16 percent. This is correct. The question arises, therefore, why do we need 16 percent in the fiscal year 1977 budget, rather than the 4 percent endorsed by this committee as essential. The answer is that the 16-percent figure must be viewed in its proper context, rather than in a vacuum. It is essential to recognize that the 16-percent growth in purchases from industry results from a net real growth of only 7 percent in the total defense budget—which presumes efficiencies in budget areas other than purchases from industry. It assumes, for example, some severe constraints in areas of personnel spending—some of which the Congress has already indicated it does wish to support.

Furthermore, the real growth in purchases proposed by the Department of Defense this year constitutes a 4-year bill which is coming due. Between 1973 and 1976, modernization was continuously deferred as funds were reallocated to domestic priorities deemed more pressing. The vital areas of R.D.T. & E. and procurement—the areas of the defense budget which reflect the cost of weapons acquisition—remained at a static level for a period of 3 years. And as the committee has noted, non-growth in these areas translates into deterioration rather than maintenance of a status quo.

Viewed, then, in the 4-year context, a 16-percent growth in fiscal year 1977 purchases from industry translates into 4 percent for the current year and 12 percent in accumulated growth deferrals for the 3 preceding years, the minimum growth rate necessary to maintain a modern deterrent capability.

It is reasonable to ask whether, with a host of other national priorities, some portion of this year's program might safely be spread out over a number of years instead of trying to make up a 4-year deficiency in 1 year.

The answer is that, 4 years after the end of our involvement in Vietnam, the materiel shortages that arose from the natural course of fighting that war have yet to be made up. In fact, those deficiencies have been compounded by a series of budget deferrals in the post-war years. And many of the major weapons systems in our depleted inventory are nearing the end of their useful life.

Far from being a panacea that will cure all the ills of our deterrent force, the fiscal year 1977 budget should be accepted for what it is—a reasonable step in the right direction at a point in time when we still have such an option. The budget, however, in the judgment of the committee, requires modification and adjustment as it reflected in the committee's recommendation in this report.

Mr. BOB WILSON. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. ROBERT W. DANIEL, JR.)

(Mr. ROBERT W. DANIEL, JR., asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, every Member of this House remembers the Cuban missile crisis in 1962 in which the United States confronted the Soviets with our naval power in order to force the removal of Soviet strategic nuclear missiles from Cuba. Faced with the overwhelming superiority of the U.S. Navy and the clear nuclear weapons superiority we had at that time, the Soviets had no choice but to back down. The Soviets learned this bitter lesson well. Ever since, they have been embarked on a naval expansion and modernization program never before experienced in the annals of peacetime history.

The United States is essentially an island whose industrial survival depends on a flow of materials across the seas. Within the past year, we passed for the first time the point where we imported more oil to sustain our energy needs than we produced within our borders. Our allies lie across the oceans. To sustain ourselves and to cary out our mutual defense treaties, the U.S. Navy must be capable of maintaining the sea lines of communication.

The Soviets, on the other hand, are a land power. The nations they depend to share in their defense can be reached overland. In war, the mission of the Soviet Navy is much simpler than that of our Navy. Their task is simply to prevent our Navy from insuring the free flow of materials across the seas.

In recent years, our Navy has been shrinking as we laid up wtihout replacement overage ships built in World War II. Meanwhile, the Soviet Navy has been revamped from a coastal defense force to a blue water Navy whose ships are now seen throughout the world. Whereas in 1962 we forced the Soviets to withdraw their strategic nuclear subsiles from Cuba, today their nuclear submarines can reach targets throughout the United States from patrol stations off our coasts. With their new long-range missiles they can even reach us from waters close to their homeland.

They now have 20 diesel-powered ballistic missile submarines and 55 nuclear-powered ballistic missile submarines in operation. We have a total of 41 ballistic missile submarines, 31 of which are being converted from Polaris to Poseidon capability. Their total includes 34 Yankee class nuclear submarines which are equivalent to our ballistic missile submarines, except their are newer. They also have at sea 11 of their new Delta class submarines which carry a 4,200-mile missile which can reach any point in the United States from their operating areas in the Barents Sea and northern waters. The Delta class submarine is the Soviet equivalent of our Trident submarines. They are building them at a rate of about six a year compared to our Trident rate of three every 2 years.

It is clear that when the total balance of land-based and sea-based strategic nuclear capability is taken into account, the United States can no longer defend its objectives through the threat of nuclear war, without risking our own annihilation.

When it comes to lesser levels of conflict than all-out nuclear war, let us examine whether we could expect their Navy to be able to prevent our Navy from sustaining the sea lines of communication essential for the defense of ourselves and our maritime allies. Here we see a radical shift in recent years in the balance of naval power.

Beyond the range of their land-based

air power, the principal threat of their Navy against ours is their fleet of attack and cruise missile submarines. They now have 80 nuclear-powered submarines designed to attack our fleet, 40 of which are armed with cruise missiles in addition to torpedoes. They have 175 additional diesel-powered submarines, 25 of which have cruise missiles in addition to torpedoes.

Our best antisubmarine weapons system is our nuclear attack submarine. We have only 65 nuclear-powered attack submarines. They are all armed with torpedoes; none of ours have cruise missiles.

The Soviets have the largest and most modern submarine building yards in the world. They are able to build 20 nuclear submarines a year on a single shift basis if they use the full capacity of their nuclear submarine building yards. Last year the Soviets actually put to sea 10 submarines; we put to sea two. As recently as 1966, the Russians had only two shipyards building nuclear submarines; today, they have four with this capability and they are currently expanding such facilities.

The maximum U.S. capacity to build nuclear submarines is less than half that of the Soviets while our remaining Poseidon conversions are being completed. After the conversions are completed in 1977, the U.S. capacity will still be far below the Soviet building capacity.

Even more chilling than total numbers is the fact that since 1968, the Soviets have introduced over nine new submarine designs, or major modifications in design, besides converting older submarines to improve their capabilities. The Soviets have put to sea improved versions of their attack, cruise missile and ballistic missile nuclear submarines. In the last 8 years, they have put to sea more new design submarines than have ever been put to sea during a comparable period in all of naval history. The United States on the other hand, has produced only two new design submarines during this period. This fact is not surprising since the United States spends less than 20 percent of it naval budget on submarines while the Soviets spend approximately 40 percent.

The buildup of the Soviet surface navy is also of concern. The Soviets have more major surface combatants than the U.S. Navy and many of their ships carry surface-to-surface missiles while U.S. ships do not yet have them. The Soviets have 229 major comabtants compared to our 172 and about 1,770 minor combatants compared to our 189. Since 1968, the number of Soviet major surface combatants increased from 200 to 229, of which 33 are equipped with antiship cruise missiles. The number of U.S. major surface combatants fell from 350 to 172, none of which have cruise missiles. The deployment of our Harpoon cruise missile will not begin until 1977. While their numbers of surface combatants continue to increase, ours continue to decline.

In addition to the torpedo and cruise missile threat posed by Soviet submarines and the missile threat of their surface combatants, Soviet naval aircraft are capable of covering millions of square miles of ocean and are now equipped with antiship missiles of several different ranges. As the older aircraft are replaced with the longer range supersonic Backfire bombers, the Soviet naval air threat will extend farther and farther into open ocean areas. Soviet BEAR D aircraft operate from Guinea, Somalia on the Indian Ocean, and from Cuba as well as from the homeland. Used as reconnaissance aircraft and to target long-range antiship missiles, these aircraft can cover most of the Atlantic, Indian, and Northern Pacific Oceans.

The only category of ships in which the U.S. Navy has numerical superiority is the aircraft carrier. The Soviets are now operating their first carrier which is about the size of one of our Essex class carriers. Theirs is designed to handle vertical take off and landing aircraft and does not have catapult and arresting gear as do our carriers. Even in this category, the U.S. fleet has been continually shrinking. Whereas 10 years ago there were 23 carriers in our fleet, by this summer we will be down to 13. The carrier is the principal offensive striking arm of the Navy in nonnuclear war. It is the only means we have of projecting tactical air power bevond the range of provisioned and defended land bases. In areas of high enemy air threat, without the tactical air power of carriers our other surface ships would be extremely vulnerable to air attack.

As recorded on page 24 of our committee report, Admiral Holloway, Chief of Naval Operations, testified:

> In the broadest sense, for the foreseeable future, we believe that the U.S. Navy will be able to control any ocean or major connecting sea, *unless directly opposed by the Soviet Navy*. (Emphasis added)

He testified that Soviet naval construction has progressed at a rate four times that of the United States and that the growing Soviet fleet has been increasingly making its presence felt in areas more distant from the Soviet Union. He stressed that the sea-denial role of the Soviet Navy requires a much smaller investment than the sea-control capability our Navy reouies. In describing the Soviet worldwide naval exercise conducted last year he said:

> For the first time, we observed the Soviet Navy exercising interdiction of sea lines of communication—combined submarine, ship and aircraft operations against convoys—and operational employment of the new and highly capable Backfire aircraft. The growing maturity of the Soviet naval threat and the confidence of the Soviet hierarchy in employing maritime power must give us pause. We face a serious threat to our free use of the seas for the first time in more than 30 years.

These facts substantiate the clear and urgent need to revitalize our Navy. It is clear that the United States will not build enough ships to match the Soviets in numbers, nor need we if we build superior ships that can penetrate and counter their naval threat. It is clear that the direction we must go for our major combatants is to build ships with the best weapon systems our technology can devise. We must provide them with nuclear propulsion so that they are freed from dependence upon oil supply lines which are extremely vulnerable to the type of naval forces the Soviets have and are building.

Comparison of United States and Soviet submarines, February 1976

Submarine type:	Soviets	U.S.
Ballistic missile		
Nuclear	[1] 55	41
Non-nuclear	20	0
Attack:		
Nuclear	40	65
Non-nuclear	150	10
Cruise missile:		
Nuclear	40	0
Non-nuclear	25	0
Total:		
Nuclear	135	106
Non-nuclear	195	10
Grand Total	330	116

[1] Includes 34 Yankee and 11 Delta class modern ballistic missile submarines.

Comparison of United States and Soviet active surface ships (February 1976)

	Soviets	*U.S.*
Major combatants:		
Aircraft carriers	1	[1] 13
ASW helicopter carriers	2	0
Cruisers	32	26
Destroyers	87	[2] 69
Frigates	107	64
Subtotal	229	172
Minor combatants:		
Missile patrol craft	135	0
Other patrol craft	540	8
Amphibious ships	80	61
Mine warfare ships	260	3
Auxiliaries	755	117
Subtotal	1770	189
Total	1999	361

[1] This total does not include the *Oriskany*, an *Essex* class carrier scheduled to be taken out of service at the end of fiscal year 1976.

[2] With the exception of two *Spruance* class destroyers, all of these destroyers are 15 to 31 years old.

Mr. PRICE. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. STRATTON).

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. STRATTON. Mr. Chairman, in the fiscal year 1976 budget request, the House Armed Services Committee added $14.3 million to provide long-lead items for a fiscal year 1977 buy of A–6E aircraft for the Navy and Marine Corps. In the conference report on the authorization bill for fiscal years 1976 and 197T, the House and Senate Armed Services Commitees concurred that the A–6E line should remain open. There were a number of cogent reasons for this action. First, the Navy and Marine Corps force levels were considered to be the minimum required to meet the best estimates of threat probabilities. There is further evidence that there will be an unacceptable shortage of jet attack aircraft with day/night all-weather capability in the early 1980's.

Second, the A–6E is the only aircraft in production in the free world which provides a unique, capable, and highly reliable, all-weather operational jet attack system.

Further, the appropriations bill for the current year, fiscal 1976, as signed into

law, contained the funds authorized for the A–6E.

Subsequently, however, the office of the Secretary of Defense disapproved the Navy's request to spend this $14.3 million for continued A–6E procurement in a budget decision dated December 5, 1975. So, therefore, in the bill before you today the Armed Services Committee after careful consideration, concluded the Defense Department had made a serious mistake to terminate all A–6E production and added $125 million for procurement of enough A–6E's for the Navy to keep the all-weather aircraft line open.

Termination of procurement of A–6E aircraft will unacceptably aggravate the Department of the Navy's ability to meet its own A–6's inventory objectives. In addition, a severe shortfall would occur in the 1980's.

Moreover, to end procurement now would require an immediate new research and development effort to produce a replacement all-weather aircraft. Even with the beginning of a research and development effort today, a grave shortfall would still occur before a replacement for the A–6 would be available.

The A–6 is the only all-weather attack aircraft in the Department of the Navy. It represents approximately one-half the Department of Defense's all-weather attack capability and three-fourths of the all-weather moving target detection—MTI—capabilities of the Department of Defense.

Critics of A–6E procurement argue that sufficient assets would exist if the Navy and Marine Corps mutually shared the A–6 assets as they are depleted. The Navy does not agree that the assets could be mutually shared. The Navy and Marine Corps' position is that existing force levels represent the strength in depth which each service requires in the area in which it operates, that is, war at sea for the Navy, amphibious operation for the Marine Corps. There are no all-weather attack capabilities at all in the Naval Reserve and there are no A–6's in storage. Therefore in a major crisis, there will be no source of all-weather aircraft to replace any attrition.

The A–6E is the most advanced strike aircraft in the Department of Defense. In addition to its all-weather attack capabilities, it allows the crew to identify and attack a target, at night or in poor weather, on the first pass. In addition, it provides the capability to maintain, passively, positive contact with high value surface vessels at night and in poor weather.

Procurement of these few A–6E's in fiscal year 1977 will help maintain the Navy's all-weather attack forces at their present force levels into the early 1980's and will allow a more orderly R.D.T. & E. program and transition for development of a new follow-on, all-weather attack aircraft.

The Armed Services Committee in its report strongly recommended that the Secretary of Defense reconsider the action taken in last Decembers program budget decision. The Department of Defense should free fiscal year 1976 funds to keep open the production line on this vital aircraft. By its action on the present bill the committee has provided additional funding authorization for fiscal year 1977 and signaled its clear intention that production of the A. & E. should continue.

Mr. BOB WILSON. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. HILLIS).

(Mr. HILLIS asked and was given permission to revise and extend his remarks.)

Mr. HILLIS. Mr. Chairman, the Department of Defense budget for fiscal year 1977, for the first time in years, shows some real growth. This is a step in the right direction which will help to get us out of the rut we are in. The Defense budget has, over the years, been steadily declining in terms of real purchasing power; and now we have finally been able to breathe some life into it. Nonetheless, we're still playing catchup ball in a risky game. It is estimated that a net of $7.3 billion in real growth is provided in this bill.

Much of the real growth in the fiscal year 1977 budget can be tied directly to initial procurement of a number of new major weapons systems whose time has come.

For the past 6 to 10 years a number of important weapons systems have been in the research-and-development stage. They have undergone a rigorous scrubbing year after year by the Congress. In some cases the production start has been delayed several years by congressional or administration stretchout of the program. Several of these just happen to be coming into production for the first time this year.

The procurement buys which are coming on the line this year total about $4.7 billion. That pretty much gobbles up a good part of the $6 billion in real growth in this year's procurement account.

Here is a breakdown of the procurement cost of new major weapons systems entering the defense arsenal for the first time:

Air Force B–1 bomber—$1.5 billion.

Navy Trident I missile, 80 weapons—$1.1 billion.

Air Force F–16 fighter—$620 million.

Army UTTAS helicopter—$213 million.

Navy carrier-on-board-delivery (COD) transport—$171 million.

Navy CH–53E helicopter—$116 million.

Army nonnuclear Lance missile, 360 weapons—$76 million.

Army Stinger missile, 445 weapons—$48 million.

Air Force Laser Maverick, 100 missiles—$58 million.

Nuclear-powered strike cruiser—$302 million.

With the start of production on these systems, incidentally, there is expected to be created an additional 120,000 defense-related jobs. But I hasten to assure you that our committee never makes a judgment on that basis. Our sole consideration is the needs of the Armed Forces.

The total in procurement dollars for these new items alone is $3.5 billion, equivalent to more than half of the estimated real growth of the procurement. It is interesting to note, however, that the B–1 has been delayed repeatedly by either the Defense Department or the Congress and that if its history had followed the normal weapons-procurement course, it would have gone into production several years ago. Likewise the Trident I missile, which has been slowed down by the Congress in the past, would normally have reached production earlier.

As another example, the UTTAS helicopter has been subject to questioning and delay for many years before finally starting production.

The nonnuclear Lance would have been produced several years ago if the recommendations of our committee had been followed. However, it was delayed by congressional action.

It will be seen, therefore, that the increased amount provided for procurement in this bill is due in part to the beginning of production of systems which normally would have gone into production several years ago. I think this is clear evidence that the growth in procurement is related to past delays and deficiencies.

There is one more point worth noting—that delay often increases cost. Congressional foot dragging will result in some of these systems costing more than they would otherwise. Every time we put off a buy for a few years the initial cost goes up when we do start procurement.

So I hope we will not waste a lot of time arguing about what is an adequate amount of real growth in arbitrary economic terms but think in terms of the systems we need for an adequate defense. The bill is coming due on delays of the past. What our committee is providing today is a bill to begin development of the minimum-quality force we need for the future. I urge your support.

Mr. BOB WILSON. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. O'BRIEN).

(Mr. O'BRIEN asked and was given permission to revise and extend his remarks.)

Mr. O'BRIEN. Mr. Chairman, for some strange reason the systems analysts in the Department of Defense and the Office of Management and Budget have never been able to understand the importance of nuclear propulsion for major combatants built for our naval strike forces.

A quarter of a century ago the analysts said we should not build nuclear submarines because they cost more than conventional submarines. Congress had to intervene and mandate their construction. Today our nuclear-powered ballistic missile submarines are our best deterrent to an all-out nuclear war, and our nuclear-powered attack submarines are our best anti-submarine weapon system.

The systems analysts have a long record of causing delays or cancellation of naval nuclear propulsion projects that Congress considered vital to our defense. They staunchly:

Opposed building the first nuclear powered carrier *Enterprise;*

Opposed nuclear propulsion for the carrier *John F. Kennedy*—CVA 67;

Opposed the nuclear cruiser authorized by Congress in fiscal year 1966 which the Department of Defense refused to build;

Opposed the nuclear cruiser authorized by Congress in fiscal year 1967 for which the Department of Defense held up the release of funds for 18 months;

Opposed the two nuclear cruisers authorized by Congress in fiscal year 1968 for which the Department of Defense held up the release of funds for one for 22 months and refused to build the other;

Opposed continuation of the nuclear powered attack submarine building program beyond a force level of 69;

Proposed sinking 10 of our 41 ballistic missile submarines as a cost-saving measure;

Opposed the electric drive submarine authorized by Congress in fiscal year 1968 for which the Department of Defense held up the release of funds for 5 months;

Opposed the high speed nuclear powered attack submarine which Congress authorized starting in fiscal year 1969 over the objections of the Department of Defense;

Opposed over a period of years building the nuclear powered carriers, *Nimitz*, *Dwight D. Eisenhower*, and *Carl Vinson*;

Opposed building the four nuclear cruisers of the *Virginia* Class currently under construction.

In each and every case, Congress has had to take the initiative. If the decisions had been left to the systems analysts, we would not have any nuclear powered ships in our Navy today.

However, despite the efforts of Congress to provide nuclear powered warships, progress in the application of nuclear propulsion to surface warships has been slow. Design of the first nuclear powered carrier was started in 1950—over a quarter of a century ago. In 1953, the entire program leading toward the first nuclear carrier was cancelled by the Department of Defense. In 1954, the large ship reactor project was reinstated. This project ultimately led to inclusion of the nuclear powered cruiser *Long Beach* in the fiscal year 1957 shipbuilding program and the nuclear powered carrier *Enterprise* in the fiscal year 1958 program. These were followed by the nuclear powered cruiser *Bainbridge* in the fiscal year 1959 program. These three ships have now steamed a total of 2,000,000 miles. In 1964, they demonstrated to the world the outstanding capabilities of nuclear powered warships during a 30,000 mile cruise around the world without logistic support—a feat well beyond the capabilities of conventional warships.

In the 4 years subsequent to authorization of these three nuclear powered surface warships—fiscal year 1960 to fiscal year 1963—the Department of Defense obtained authorization for two new aircraft carriers and 10 new cruisers, all of which could have been nuclear powered. But, of these 12 major warships, only one has nuclear power. This nuclear ship, the cruiser *Truxtun*, has now been in operation for 9 years and has steamed over 300,000 miles. The *Truxtun* is nuclear powered only because of the initiative taken by Congress, following the recommendation of the House Armed Services Committee, to authorize and appropriate the extra funds to change the *Truxtun* from oil fired to nuclear powered in the fiscal year 1962 shipbuilding program.

The only additional nuclear surface warships completed in the past nine years are the carrier *Nimitz* and the cruisers *California* and *South Carolina*. Thus, we now have only two nuclear carriers and five nuclear cruisers in the Fleet.

If the two conventional aircraft carriers and the nine conventional cruisers authorized since 1960 had been provided nuclear propulsion, the United States would now have in being four nuclear powered carrier task groups instead of the two incomplete nuclear carrier task groups we now have. These nuclear powered task groups would have given the United States a much stronger Navy with which to face the rapidly expanding Soviet Naval threat.

But the analysts have never been willing to appraise properly the increased military effectiveness of nuclear power. They have opposed virtually every nuclear powered ship on the basis that it costs more, and therefore we must not build them because we could build more conventional ships with the same money.

On the other hand, the record is replete with reports from the fleet that nuclear powered warships have vastly superior military capabilities and are well worth their extra cost. As far back as the 1962 Cuban Missile Crisis, the Carrier Division Commander responsible for the nuclear carrier *Enterprise* and the conventional carrier *Independence* during the naval blockade reported to the Secretary of the Navy his personal evaluations of the value of nuclear propulsion based on his first-hand experience. I want to read to you excerpts from that report because it summarizes very well the tremendous avalue of nuclear propulsion in surface warships. He said:

> My experience in *Enterprise* to date has convinced me more than ever that the military advantages of nuclear propulsion in surface combatant ships more than outweigh their extra cost. . . .
>
> I wish that others who so easily dismiss the admitted advantages of nuclear power as not being worth the cost could have shared our experience during the past 2 months on the Cuban blockade. It is now even more obvious to me that the CVA-67 should have nuclear propulsion. *Enterprise* outperforms every carrier in the fleet. No other carrier has made over 10,000 landings in her first year of operation. Her planes are easier and cheaper to maintain and are combat ready more of the time because they are not subject to the corrosive attack of stack gases. They can fly more missions because much of the space normaly used for fuel oil tankage is available for ammunition and jet fuel. The rugged reliability designed and built into her propulsion plant gives her a sustained high speed and ever-ready maneuvering rate that greatly enhance air operations. The absence of boiler uptakes has allowed the arrangement of communication and radar systems superior to those on any other carrier. In Washington these often cited advantages of nuclear propulsion seem to get lost in a shuffle of paper—off Cuba they were real.
>
> I think the Cuban crisis made all of us do a lot more thinking about how we will fare in war. On blockade duty our conventional escorts were usually refueled every other day. Protecting that oil supply train under air and submarine attack would have been tough enough right here in our own backyard—in an advanced area the problem will be magnified manyfold. I am certain that the naval commanders facing the problem of large numbers of Soviet nuclear submarines and the missiles and the aircraft of the 1967–87 era—the period when CVA-67 and her successors will be at sea—will consider that the added cost of nuclear propulsion in combatant ships is a cheap price to help solve the problems facing them. . . .
>
> My experience tells me that nuclear propulsion offers the Navy tremendous military advantages that will be sorely needed in the years ahead. To maintain fleets at sea against the hostile forces that are sure to oppose us will require every technical advantage we can possibly muster. Frankly, Mr. Korth, I am deeply disturbed that we are not exploiting to the fullest the technological advantage we hold in nuclear propulsion that has been gained through such great effort. I do not believe you can weigh victory or defeat on a scale of dollars and cents—yet the margin between victory and defeat future naval engagements may well depend on the availability of nuclear-powered ships to the fleet commander of the future.

The record compiled by our nuclear-powered warships has led many of our senior naval officers to conclude that the all-nuclear carrier task group has greater capabilities to penetrate and counter the projected Soviet naval threat than any other naval force we know how to build. A former Chief of Naval Operations has stated:

> By being far less dependent on logistic support than conventional forces, and by having the capability to retire at high speed for replenishment in low threat areas, the all-nuclear carrier task group has a capability to continue sustained operations in a high threat area which cannot be matched by any other currently foreseeable naval force. These capabilities are well worth the added cost involved.
>
> Each time a nuclear ship is substituted for a conventional ship in a task group the military capability of the whole force is increased, with the greatest increase realized when the all-nuclear group is achieved. For example, a nuclear carrier with four conventional escorts has twice the range of a conventional carrier with the same four conventional escorts. If two of the escorts are made nuclear range of the task group is again doubled. When all of the ships are nuclear the group as a whole has essentially unlimited high speed endurance. Past studies have shown that in terms of overall cost, including reduced logistic support requirements, each time a nuclear escort is substituted for a conventional ship with the same weapons the lifetime cost of a task group is increased only about one percent. I consider this tradeoff of high capability for slight relative cost to be essential in the context of reduced forces rather than the opposite. Past studies have also shown that it takes fewer nuclear ships to do the same job as conventional ships.

Another former Chief of Naval Operations testified to our committee that:

> Generally I would expect less loss of life with an all-nuclear group because of its reduced vulnerability and lesser dependence on the supply operations.

He added further that this reduction in the loss of life is not considered in the systems analysts studies. He summed up the situation by saying:

> Nuclear power makes possible the greatest advance in propulsion since we went from sail to steam.

Faced with the continued opposition of the systems analysts to nuclear pro-

pulsion for major combatant ships, the Congress in 1974 included in the Department of Defense Appropriation Authorization Act, 1975, a new title VIII—Nuclear Powered Navy, which made it "the policy of the United States of America to modernize the strike forces of the combatant vessels. . . ." But the ink was not even dry on the President's signature on August 5, 1974, on Public Law 93-365, when the systems analysts decided to challenge this policy.

The Navy had for several years been developing the AEGIS fleet air defense weapons systems to be installed on a new class of major combatants for naval strike forces intended to operate in the areas of highest threat. The Navy, in consonance with the new law, proposed that the AEGIS strike force ships all be nuclear powered. But the Department of Defense and Office of Management and Budget analysts had their way and the Navy was persuaded to change their recommendation to a mix of 8 conventional ships and 2 nuclear powered to be built over the next 5 years.

Secretar yof Defense Schlesinger informed Chairman PRICE last May that he was considering proposing that a new class of nonnuclear AEGIS ships be built. Chairman PRICE immediately wrote to the Secretary of Defense and to the President reminding them of the specific requirements of section 804 of title VIII that:

> All requests for authorizations or appropriations from Congress for major combatant vessels for the strike forces of the United States Navy shall be for construction of nuclear powered major combatant vessels for such forces unless and until the President has fully advised the Congress that construction of nuclear powered vessels for such purpose is not in the national interest. Such report of the President to the Congress shall include for consideration by Congress an alternate program of nuclear powered ships with appropriate design, cost, and schedule information.

This was followed by a series of letters between senior members of the Armed Services Committee and the Department of Defense, the Office of Management and Budget, and the President. In this correspondence, the committee set forth the basis on which the committee had concluded that major combatants built for the strike forces should have nuclear propulsion and the specific areas of concern that must be addressed by the Defense Department if they were going to request conventional ships for this purpose. The responses all relied on one argument; namely, that since nuclear ships cost more we should buy conventional ships. None of the replies addressed the fundamental issue of how the U.S. Navy will assure a constant flow of propulsion fuel to conventionally powered strike force ships in the areas of highest threat.

I have studied every word in this correspondence and I can assure you it is extremely frustrating. Those of us who favor providing nuclear propulsion for our strike force major combatants have spelled out the issues in detail. Those who oppose it refuse to discuss the issues and merely cite the fact that nuclear ships cost more money.

Despite the explicit notification of the Secretary of Defense by Chairman Price in May of last year that the law requires that no request can be made for a major combatant vessel for the strike forces "until the President has fully advised the Congress the construction of nuclear powered vessels for such purpose is not in the national interest;" the President's determination concerning the conventional AEGIS ship requested by the Department of Defense in fiscal year 1977 was not forwarded to the Congress until almost a month after the budget request was submitted to the Congress and only 4 weeks before the committee had to complete its markup and report to the Budget Committee. Further, as is discussed in detail in the committee hearing record, the President's letter did not "fully advise" the Congress in that it contained incorrect cost information, did not properly compare the capabilities of the nuclear and nonnuclear ships, and did not address many of the fundamental issues involved—issues that Chairman PRICE had specifically informed the executive branch in writing in advance must be addressed in any such determination.

Whether you are in favor of or against providing nuclear propulsion for Aegis ships, every Member of Congress should be deeply concerned over the cavalier manner in which the Department of Defense is treating the provisions of the law included in title VIII. This matter is fully documented in the committee's hearing record. Whether you are for or against the nuclear strike cruisers the committee recomends be authorized, I urge every Member of this Congress to oppose authorization of nonnuclear major combatant vessels for the strike forces until such time as the executive branch has fully complied with the requirements of title VIII.

The argument over whether the Aegis ships should be nuclear powered clearly demonstrates the need for title VIII. If we in the Congress are to be asked to provide funds for nonnuclear major combatants, we certainly should expect the President to "fully advise" us as to why. It is obvious from the record thus far that the analysts have not even fully advised the President as to the full and correct facts in the matter. They would like to have their way without having to justify their position with facts and without facing up to the basic military issues involved.

No matter how many cost analyses are done, they cannot change the fact that major combatants built for our naval strike forces need nuclear propulsion to free them from a tenuous and extremely vulnerable oil supply line. Before he left his job as Chairman of the Joint Chiefs of Staff, Adm. Thomas H. Moorer urged that the Department of Defense adopt the policy of title VIII. He said:

> The experience of our Navy during the 1973 October War is providential warning—which appears already to have been forgotten—that the Navy strike forces must not continue to be dependent on oil for propulsion in an actual war situation.

That is the position of the House Armed Services Committee and that is the policy of the Congress established by law. I urge every Member of Congress to support it.

Mr. PRICE. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. ICHORD).

(Mr. ICHORD asked and was given permission to revise and extend his remarks.)

Mr. ICHORD. Mr. Chairman, I rise in support of H.R. 12438. H.R. 12438 is an expensive bill, some 700 million dollars over the budget but I would remind my colleagues that defense expenditures are much like insurance expenditures. Both are greatly expensive until they are actually needed. We can not perform our constitutionally mandated responsibilities of saving, maintaining and supporting armies for the defense of the Nation without great expense particularly when we are compelled to spend as much as 54 percent of the military budget to deploy manpower costs in order to function with a voluntary military.

The actions of the committee and the report of the committee recognize that we have labored too long under the delusions of détente; that we have been following policies of high folly and at high risk; that we cannot afford to think in terms of how we would like the world to be but must think in terms of how it is.

Ever since President Ford's interview of March 1 in which he told a reporter: "'Détente' is only a word that was coined—I do not think it is applicable any more," a debate has raged over the meaning of the official banishment of "détente" from the administration's vocabulary. Eager to please State Department officials have strenuously assured the Kremlin that despite the change in vocabulary, the policies of "détente" have not changed. On March 22, the Senate spent lengthy debate trying to assure whoever was listening that the Senate still believes in the importance of sound U.S. relations with the Soviet Union.

These learned men have missed the point. Clearly our goal to lessen tensions with the Soviet Union has not been abandoned, nor should it, and the Kremlin has absolutely no need of assurances. What was abandoned was the delusion that détente somehow meant that the Soviet Union would temper its behavior and withdraw from its clearly stated intentions of supporting wars of liberation and attaining world hegemony.

From the beginning of so-called "détente," the word meant something different to the Soviets than it did to us. Détente required restraint and compromise on both sides. But where was Soviet restraint during the October 1973 Middle East War and the oil embargo? Where was Soviet restraint in Mozambique, Portugal, and more recently in Angola? Détente means nothing if it is not reciprocity. But where was our reciprocal advantage for our grain sales, for our capital, and for our technology? And what advantage was there in ratifying Soviet conquests in Eastern Europe when the Kremlin in turn continues to jam the broadcasts of Radio Free Europe and Radio Liberty and even succeeded in banning RFE from the Winter Olympic Games. Détente may require compromise. But as we have reduced our military manpower to 2.1 million men, the Soviets

have increased their men in arms to 4.4 million.

As pointed out by Secretary of Defense Rumsfeld, the Soviet Union in the last decade has increased its army divisions from 141 to 168. It has added tanks, artillery and armored personnel carriers, 2,000 tactical aircraft have been added. It has increased its international ballistic missiles from 242 to 1,600; SLBM's from 450 to 2,500, and they are rapidly closing the gap in our technological lead.

This measure will help to revise the foolish policies we have been pursuing in past years. It recognizes that détente is not dead but the delusions of détente are. It is high time.

Mr. BOB WILSON. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. SCHULZE).

(Mr. SCHULZE asked and was given permission to revise and extend his remarks.)

Mr. SCHULZE. Mr. Chairman, I have asked for this time to express my deep concern over the latest stretchout of the Trident submarine program proposed by the Department of Defense. The proposed program for fiscal year 1977 would provide construction funding for only one Trident submarine instead of two as planned last year. Construction of these important ships has already been delayed too much. The original Trident program planned by the Department of Defense called for construction of three submarines per year. This program was subsequently reduced to two per year, and then to three every 2 years or an average of one and one-half per year. Each program stretchout has greatly increased the costs.

The committee report points out on page 28 that DOD changes in the program have already added $1.05 billion to its cost. In January the Navy reported the stretchout proposed this year will increase the cost of the first 10 Trident submarines by $225 million.

Of great concern to me is our position vis-a-vis the Soviets. Détente is no longer used to characterize the situation. In the vital area of submarine-based ballistic missiles, the Soviets have already deployed their version of our Trident class submarine. The Soviets have 11 Delta-class submarines operational which can launch 4,200-mile missiles. With these missiles, Soviet submarines do not have to move outside the Barents Sea to fire at targets in the United States. By comparison our submarine force will not possess a similar capability until the Trident system comes into service in 1979. Meanwhile the Soviets are continuing with series production of their new missile-firing submarines. The Soviet capabilities increase the threat to our land-based strategic forces and the reliance we must place on our sea-based strategic forces.

The Trident submarines will enable the United States to maintain a secure and viable strategic deterrent in the face of the increasing Soviet threat. The longer range of the Trident missiles will permit basing our ballistic missile submarines in the United States—no foreign basing will be required. This will eliminate the vulnerability of our ballistic missile submarine force to international political action that could deny us the use of foreign bases. This is extremely important because we are always in danger of losing our foreign bases. For example, the treaty recently negotiated with Spain calls for removal of our ballistic missile submarines from the base in Rota, Spain in 3 years.

The Trident submarines will increase survivability because they are being built with all the latest technology. They will be more difficult to detect than our existing Polaris and Poseidon submarines because the Trident submarines will be quieter and the longer range missiles will give the submarines vastly more ocean area to hide in. Our existing Polaris and Poseidon submarines are noisy compared to current standards. They were all built with the technology of the 1950's. Quieter submarines are necessary to decrease the probability of detection and insure the survivability of our seaborne strategic deterrent.

The importance of our ballistic missile submarine force as a deterrent to a nuclear holocaust is well known. No sudden strike or irrational act by a potential adversary could wipe out the ability of these hidden, vigilant ships to deliver a destructive retribution.

We must plan now for an orderly program to replace our aging Polaris and Poseidon fleet. It would be folly to postpone the Trident program again. All of the Trident programs presented to Congress by the Department of Defense during the past 3 years have had at least 10 submarines. We should build these ships as economically as possible. I strongly support the action recommended in the committee's report which would restore the Trident program to two submarines in fiscal year 1977 as planned last year. In the fact of the current threat we must show our national resolve and not vacillate on a program which is vital to our survival.

Mr. PRICE. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. LEGGETT).

(Mr. LEGGETT asked and was given permission to revise and extend his remarks.)

Mr. LEGGETT. Mr. Chairman, I rise in substantial support of H.R. 12438 and specifically section 710 pertaining to the civil defense program. In January I was appointed by the gentleman from Louisiana (Mr. HÉBERT), the chairman of the Investigations Subcommittee, as a kind of sub-subcommittee chairman to review this overall situation along with my colleagues, the gentleman from Michigan (Mr. CARR) and the gentleman from New York (Mr. MITCHELL). We very extensively went into the overall civil defense posture of the United States and the Soviet Union and we determined after 11 days of hearings and 23 witnesses that to reduce our overall budget from the $85 million level to the $64 million level in 1 year and to restrict the expenditure of funds at the Federal level for civil defense only to nuclear defense would tie the hands of local agencies with respect to dual use for both man-made and God-made disasters and was not really a wise limitation on Federal expenditures.

The President of the United States a number of times, including the existing President, as late as last year thought the dual-use concept was excellent. In the budget this year we had found the concept had changed and there was an effort to restrict the funds or limit the use. As a result, our sub-subcommittee and the subcommittee did recommend unanimously to the full committee with the resulting unanimous recommendation of the full committee, we have determined we wanted to recommend to the Budget Committee that we expend, not the sum of $64 million this year for civil defense, not the sum of $85 million, which we had last year, not the sum of $130 million requested by the Federal Civil Defense or Civil Preparedness Agency, but an alternative reasonable amount of $110 million, which is not subject to authorization in this existing bill.

We do, however, believe that civil defense is important in the overall strategic poker game, that if the Soviets can protect their people from attack, certainly the United States ought to have a reasonable capacity to do the same. If the Soviets spend $1 billion for their defense, we cannot spend that much, but we have to spend something, and the something is more than $64 million. As a result, we have determined to review this matter on an annual basis. Members can find on page 13 of the bill under section 710 a provision under section (b) which bootstraps this program for future years such that we will annually be authorizing a reasonable amount by the House Committee on Armed Services, the so-called Public Law 412 bill, for civil defense.

In section (a) of section 710, again on page 13, we provide there, that lest there be any doubt:

"Without in any way modifying the provisions of this Act which require that assistance provided under this Act be furnished basically for civil defense purposes, as herein defined, it is the intent of Congress that the needs of the States and their political subdivisions in preparing for other than enemy-caused disasters be taken into account in providing the Federal assistance herein authorized".

So there we make indelibly clear that it is the intent of the Congress to provide funds for dealing with hurricanes, tornadoes, forest fires and so on, and also for nuclear attacks.

As a collateral matter, we also considered the question of the problem of a radioactive cloud which might result if a domestic nuclear reactor suffered a loss of coolant and melt down. We learned from reasonably good authority, I believe from the Oak Ridge people, that considering the fact that we are siting our nuclear reactors outside of central cities and considering the fact that we are developing a reasonably sufficient civil defense program, that there need be no casualties associated with a meltdown.

The CHAIRMAN. The time of the gen-

high school.

mother's unorthodoxy, Carter himself conservative which it grew up feeling somewhat came to spending money, but outside the white community, liberal in his sympathies to-and that to be accepted by it wards all form of human he had to excel. Certainly, suffering. His inclination was he first learnt his liberal to reduce suffering by making views on race from his mother, government more effective and perhaps also his compas- rather than bigger or more sion for human infirmity, the costly. He also proved an quality that has drawn some enthusiastic administrator. of his strongest supporters to him.

Less than two years after Carter became Governor, he decided to prepare, secretly, for the Presidency. His small entourage of political assistants—most of them administrative assistants at least 20 years his junior—had independently decided that he was Presidential material.

Carter did go to Annapolis, as he said he would. He graduated just in time to see a bit of World War II; he became a submariner and later joined the nuclear submarine programme that had just been started by Admiral Hyman Rickover.

By then he had married Rosalynn Smith, a local girl (they now have three sons and a daughter), and like so many Southerners before him seemed embarked on a successful military career. But when his father died in 1953, he went back to Georgia to take over the family farm. It was an extraordinary contraction of horizons, and his wife objected vehemently. It was the first bad quarrel the Carters admit to having had.

The family today farms over 3,000 acres of peanuts, maize and soya beans, which is considerably more than the average farm around Plains. But things were not good in the early fifties, and Carter had to work hard to get the farm and its related businesses on a sound footing. Inevitably for a man of such energy and ambition, he then went into politics. After running for State Senator, he launched a hasty and unsuccessful campaign in 1966 for the Democratic nomination for Governor. Almost immediately, he began preparing for a second and this time successful try in 1970.

The key to the success of Carter's bid for the Presidential nomination this year lies in those years as a politician in Georgia. In the first place, it was there that he perfected his campaigning techniques. Carter's campaigns (his wife has taken a large part in all of them) are lessons in organisation, throughness and stamina.

His smiling political style, which has provoked so much comment and a good deal of distrust, is very Southern. Carter's 'populist' attacks on Washington are an echo of his 1970 gubernatorial campaign, when he posed as the champion of the countryside against the monied establishment in Atlanta. The country boy taking on the city barons is a frequent theme in Georgia politics.

His attention to personal links with voters is also Southern. In white-dominated Southern politics, there are few issues other than race, and the successful politician must

He also feels that Americans have lost touch with their foreign policy, because it has been too secret. He says flatly that, if elected, he would not keep on Henry Kissinger as Secretary of State. Carter is new to foreign affairs, of course, though he is boning up on it fast (he is an inveterate and rapid reader). But he already believes, fairly conventionally, that America has paid too little attention to Western Europe and Japan, her chief allies. He sees America's relations with Russia as a necessarily difficult and nuanced balance between co-operation and conflict.

If it is true, as some perceptive observers believe, that Americans after Vietnam and Watergate feel hurt and deceived by their Government, then Carter, compassionate, honest and with no Washington associations, may be the man to rebuild confidence between the people and their leaders.

ous, murky world that lay on the far side of the water. The LCC won that battle. Indeed, there are some who feel that the victory has been too complete for the good of London's musical life. Had the Festival Hall been obliged to struggle against competitors, it might today present a less complacent face to the world.

From its earliest days it has seemed a little middle-aged. Perhaps that was always inevitable. The very notion of a public concert hall stems from the nineteenth century, when the need for such a building began to be felt only as instrumental music-making moved out of the aristocratic salons that had housed it until the French Revolution and it became necessary to provide both for a larger middle class public and the increased scale of symphonic music. Inevitably, what Sir Robert Matthew produced was a nineteenth-century building in mildly modern garb.

Unfortunately, it arrived on the scene three or four generations after its great counterparts on the Continent and just as the whole nineteenth-century conception of a concert hall was about to come under assault from without and within. Not for the first time in its cultural history, Britain had revealed its unhappy knack of arriving on the scene when the party was almost over.

Today, there is an ill-focused but pervasive unease about the whole business of concert-going. As long as people want to listen to Beethoven or Stravinsky, the concert hall remains the best place in which to do so. Yet both the Festival Hall's situation and appearance encourage a notion of art as something separate from living.

Stranded in the wilderness to which 25 years of municipal planning has reduced the South Bank, it sits aloof from the city. Clearly, passers-by are not expected to drop into this temple of the muses. Inside, the place is splendidly spick and span, but an aura of hushed gentility clings to its foyers.

That in itself would be less perilous, were the traditional

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2000 EXPERTS AL

SAYINGS OF THE WEEK

WE WILL not be satisfied with less than £100 a week. The TUC cannot expect our support. On this occasion the TUC will be marching without an army.—**Mr Emlyn Williams**, S. Wales miners' leader.

I AM for £100 of real money and not for £100 of worthless paper. —**Mr Laurence Daly**, National Union of Mineworkers general secretary.

BY working class I mean everybody who works for a living.—**Mr Jack Jones**, TGWU general secretary.

IT'S the age of the common peer. —**Mr Mark Boxer**.

WE DON'T refer to each other's families here. Perhaps it's just as well.—**Mr George Thomas**, Speaker of the House of Commons.

THE TUC is faced with only one issue: whether to force the Government out of office.—**Mr Frank Chapple**, EEPTU general secretary.

IF IT is wrong for women at work to come into contact with men, what about nurses?—**Mrs Irene Cartwright**, tailor's shop assistant dismissed because she was not allowed to measure men for trousers.

udges purged Mrs Gandhi

By our Foreign Staff

N government's estroy the remain- nce of the courts w levels in recent ling to the latest n India. While still struggling to rule of law, the is said to be intimidating the en or vulnerable he judiciary.

gations were last week when Gandhi's political w in exile, gave Times details of ges said to have or transferred at nostly to posts far mes. According to esai, secretary- Friends of India nternational group ntly to foster Mrs Gandhi's state —the 35 included stices of Gujerat, , Bombay and d 30 other high

id to have given favourable to the specially over civil The unprecedented sfers was shortly ian supreme court's month to uphold by the government's end habeas corpus n anyone under the nergency, without l.

s who have suffered r their decisions in- stices of the Delhi . N. Agarwal, who confirmation of his appointment after serving on the court for two years, and Mr Rangrajan, who had his passport impounded. The two men served together and delivered critical opinions in the case of Kuldip Nayar, the former editor of the Indian Express and Delhi correspondent of The Times, who was imprisoned for several weeks last year.

Mr Desai says protests by Indian lawyers about intimidation have led to the dissolution of the Delhi chamber of lawyers, the arrest of 60 lawyers under the maintenance of internal security act and the issue of a warrant for the arrest of Ram Jethmalani, president of the all-India bar association.

According to Mr Desai and other Indian opposition sources in London, there are now up to 175,000 people held in India under MISA—about double that of a few months ago and four or five times higher than the figure acknowledged by government sources since last July. Allegations of torture are also more widespread than before and backed up with more circumstantial detail.

At the first international conference of the Friends of India Society, held at the Alexandra Palace in London three weeks ago, reports of torture were heard from at least eight Indian states. They included cases of beating on the soles of the feet, "submarine" torture in which the victims were held under water, and "aeroplane' torture which involved suspending the victim by his wrists, tied behind his back.



Brown: a touch of Zen

The battle for the God Vote

On Tuesday, Jimmy Carter, hot favourite for the Democrats' presidential nomination, faces a challenger in Jerry Brown, the Governor of California. It is a contest in which both camps claim to have an unusually powerful supporter.

HENRY BRANDON REPORTS FROM WASHINGTON

JERRY BROWN, the governor of California, was a little startled when I asked him if he was a conservative Jesuit or a left-wing one. Then he replied: "I am a mixture of both—think of me in terms of the ideas of Pierre Teilhard de Chardin."

The French Catholic philosopher, who sought to reconcile his faith with the growing awareness of man's evolution, is still widely read, of course. But it is hardly a name one would expect to be on the tip of an American politician's tongue during an election campaign. Of course, this present campaign is full of surprises.

After Senator Frank Church's victory over Jimmy Carter in the Nebraska primary, the long-shot hopes of anti-Carter Democrats are that Brown will beat Carter in the Maryland primary on Tuesday and slow down his bandwagon.

What makes the Carter-Brown contest piquant is that both believe they have a "hot line" to the Almighty; one via the Southern Baptist, the other via the Catholic Church wire. Carter is a deeply religious man who speaks openly about his religious beliefs as if God were part of his campaign organisation. Brown, who studied for three years for the priesthood in a Jesuit seminary in California, does not display his religion so openly.

Religion gives Carter perhaps the greatest confidence in his ability to tackle the great problems a president must face. For Brown it is more a philosophical framework that provides a deeper perspective on the limits of man's powers to find solutions.

Both claim to be inspired by high moral principles, but principles can melt in the electoral heat. Carter accuses Brown of being dishonest in pretending he is anti-politician; for, after all, the Democratic party organisation is on his side in Maryland.

Brown in Jesuit-style, uses one of Carter's most hazardous promises—that he "will never tell a lie"—to argue that the problem is not whether he would tell a lie, but whether he would tell the truth.

Both take advantage of the country's anti-Washington mood but, in fact, they are consummate policitians brilliantly attuned to the public mood. They know how to exploit the media, which at the same time they accuse of faddishness.

Both believe that the restoration of American self-confidence must begin with domestic reform. They emphasise government efficiency, a rather conservative outlook that makes some people wonder whether they have enough compassion and whether their quest for the presidency is not primarily an ego-trip.

But there are big differences. Carter representing the new South and Brown the new post-Vietnam generation. Carter is 51, Brown 38. And yet they started their drive for the presidency from similar premises. Both believe that as the Kennedy and Johnson administrations made such a mess of things, there is no reason why they could not do much better in the White House, even though they lack Washington experience.

They have convinced themselves that there is no school for the presidency, that it must be learned on the job. There is, of course, a great deal of truth in that, though four years as governor of Georgia and two as governor of California are a thin presidential qualification.

Brown left the Jesuit seminary, which he found too confining, authoritarian and unreal, for another extreme: the Freedom Movement at Berkeley's University and its lifestyle. He studied Latin and Greek but soon fled to the Yale Law School and then joined a law firm. Soon restless again, he joined presidential aspirant Eugene McCarthy's anti-Vietnam war campaign in 1968. When McCarthy failed the took the plunge into politics himself. As the son of a once-popular governor of California, Pat Brown, he did not find it difficult to follow his footsteps.

But the government wastefulness and materialism he saw in his father's days made him adopt a contrary frugality. He rejected the philosophy of unlimited resources that dominated American economic thinking and personalises this by living in a small flat instead of the governor's mansion, sleeps on a mattress on the floor, disdains ceremonial functions, and stresses in his own state the need to conserve the environment and its resources.

Brown even interprets his ambitions frugally. He does not see himself on a divine mission, as does Carter, but takes a more Zen Buddhist view that things just are, and that they don't lend themselves to the rigid control that Catholicism implies.

He looks handsome and dresses conservatively like a young establishment lawyer in Washington. The fact that he has remained a bachelor has led to rumours about homosexuality fed by some who oppose him. When pressed by interviewer Sally Quinn about women, he said: "The idea of dedicating your life to fulfilling yourself is illusory. In a relationship you've got to learn to work at giving up some of your own desires. I hope I can do it." He admits to having seen at one time a lot of film star Liv Ulman, and having dated Candice Bergen and Natalie Wood.

I found Brown much easier in conversation than Carter. He enjoys communicating, Carter less so. Brown is extraordinarily quick-witted and articulate and would excel in an Oxford Union debate. Carter weighs his words carefully. But both are cool, detached and cerebral.

Overall, Carter behaves with more political weight. Brown leaps from the profound to the flippant to the obscure in no time and gives a somewhat adolescent impression but with a massive political talent and basic existentialist view, who believes, in contrast to past Democratic presidents, that it is

Photographs by Frank Herrmann



Carter: a divine mission

Revolut comes t Saigon i moderat

One year after the fa to communist forces, still have only a va of how life in Vi changed. Nayan Cha Far East Economic R one of three journali into the country to themselves. This is reports:

A YEAR after the tank crews occupied presidential palace, their blue-red-and-gold renamed the city afte Minh, the country is sl ing into the twilight tween the foreign-fun sumer society of yeste an austere, self-sufficie ist regime of tomorrow.

Rows of abandoned closed shops, banks a clubs, and deserted stations stand as re street vendors still sel stock of imported perf liquors. Young Saigon the crowded cafés list western music, and af fall hundreds of lithe the city seeking clients.

So people visiting S the first time are strud city's apparent opulenc decadent way of l already nearly half a Saigonese have returne countryside and thou others are preparin gto those who remain, th they have known is livin days.

"You have to be says the man directi munist ideological wor Saigon district—Tran Tan, a former prisone "tiger cages" of C "Harsh restrictive might have produced i results but that wo change the mentality. to encourage people to the traditoinal values them participate in the against neo-colonial c



Democratic presidents, that it is hard to control reality.

When I asked Brown to what extent his world view is affected by being a Californian who looks at it from across the Pacific, he replied: "Geographical location does not matter any more. The world has shrunk to such an extent that I don't really see foreign affairs in terms of allies as distinct from other nations. What matters is that we share the same environment, breathe the same air and must be committed above all to the preservation of this world, whether it is from war or other forms of destruction conceived by the human race and the conservation of scarce raw materials. These are the really important issues of future foreign policy."

When asked whether he shared Carter's view that the military budget could be drastically cut he doubted whether Carter could carry out this promise.

Who's winning?

The successful Republican nominee for president will have to win 1,120 delegates at the party's convention in August. The Democratic nominee will need 1,505 delegates at that party's convention in July. This is how delegates stand after primary elections so far:

REPUBLICANS

Regan, aged 65, former California Governor	426
Ford, 62, President	331
Unpledged delegates	313

DEMOCRATS

Carter, aged 51, former Georgia Governor	598
Udall, 53, Arizona, Congressman	205
Jackson, 64, Senator from Washington	202
Wallace, 56, Alabama Governor	138
Others	183
Uncommitted	301

"Carter is not levelling with the people about the magnitude of the challenge this country is facing," Brown said bluntly. "We have to remain strong because the precondition to detente, and to reducing the arms race, is to maintain our credibility as a superpower."

Brown, Senator Church and Mo Udall are now engaged in a desperate effort to prevent Carter's first ballot nomination at the convention. Carter, however, is gaining momentum and last week's Washington Post poll showed he would easily beat Ford and Reagan.

Nevertheless Brown, after running fifth in early Maryland polls, has now almost caught up with Carter there and has become so confident that he has already decided to broaden his whirlwind campaign to primaries in Nevada and Oregon (both May 25), Rhode Island (June 1), and New Jersey and, of course, California (both June 8). He is certainly the wildest card in the primary election poker game.

Crunch for Ford

For President Ford, victory in Tuesday's Michigan primary is vital. If he loses in his home state, he will be irreparably damaged. If he wins big it could help him to turn the Reagan tide. If he wins only barely, the see-saw between him and Reagan will continue.

Reagan expects a boost from the Michigan election laws, which allow Democrats in primaries to vote for Republican candidates. Four years ago, George Wallace won more than 800,000 votes in Michigan. It is not only the so-called "crossover" vote that makes many state primaries preposterous; only 5 to 10 per cent of those voting in national elections vote in primaries. Thus the choice of the presidential nominees is made by relatively few voters.

against neo-colonial cultu

Consolidation

This patient and grad approach, which Tan "revolutionary modera has marked the policy o communist authorities since they moved into S amid widespread apprehe of a bloodbath. Contrar fears about radical chang South Vietnam, the prin concern of the revolutic administration seems to been the consolidation victory that came a year b it was expected.

Heavy losses in the long y of war left the party shor good men to set up a p administrative network most pressing tasks after takeover in Saigon, other cities bursting wi refugees, and controlling mo than a million demobilis South Vietnamese soldiers—we left to military committees.

Within two months of t takeover, a vast number of t soldiers, police and civilian ad ministrators of the forme regime registered with th authorities and were "re-edu cated." Army privates and junio officials had sessions of up t 10 days at which they studie reasons for "US imperialis aggression" and its failure an were taught about the crime of the "US imperialists an their puppets," and the merit policy of the revolutionary go ernment. They had to indulge i some self-criticism, but the r education sessions often ende on a relaxed note. A trumpete of the defeated army, Nguye Ngoc Tran, confessed: "Instea of blowing my trumpet to sign retreat, I blew it for advance —and the class fell about wi laughter."

But senior officials of t former regime, leaders of variou anti-communist parties, a former MPs whose past crime and future potential for mischie are considered serious, have y to return from dozens of education camps. About 200,0 of them are learning about Vie nam's history and revolutiona policy through study and manu work. However, their detenti has created a shortage of train personnel and has caused so discontent in the country. T authorities are now believed be studying the dossiers of th people and may soon rele most of them and put some trial before tribunals.

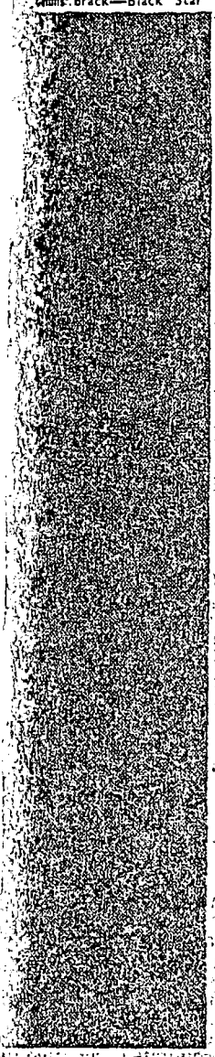
Dispersal

Special pains were taken disperse refugees from the o crowded towns, which mounting unemployment food shortages could have pro an ideal terrain for subver activity. The dispersal organised by committees at trict, ward, sub-ward and fa levels. Recent refugees given free transport and foo return to their villages. O were offered a house, a pl land and six months' ric reclaimed areas called economic zones."

In March, when the nor city of Da Nang celebrate first anniversary of liber its population was less tha of what it was a year ago. Saigonese have proved more reluctant to ventur into the new economic but the authorities hav ceeded in moving out one of the population.

A measure with more pr long-term effects has be setting up of "people's tionary committees" all c country as an organ of co well of some local democ areas that had existin cells and sympathiser committees were elected other areas they were no The committees are the g all activity, from the dist of rice to the organis demonstrations. They al a lot of time on indoctrination. "Life ha too full of politics," a aged Vietnamese grimbl

Denis Brack—Black Star



How Carter is learning about the wide world

Henry Brandon reports on the Carter team

SHORTLY after Hubert Humphrey ruled himself out of the presidential primar races last week, Jimmy Carter telephoned Averell Harriman, still a fountainhead of wisdom in foreign affairs and a powerhouse in the Democratic party at 83, and asked whether he would now join his task force of foreign policy experts. Harriman's loyalties have been with Humphrey, but he agreed.

On the surface it was not a political commitment because, as Carter puts it shrewdly, "the members of this task force do not personally have to endorse me for president: what they do is to commit to me their talents and their considerable abilities."

Harriman is also an uncommitted member of the New York State delegation to the Democratic nominating convention in July and, as a former governor, an influential man. So this was not only a bid for Harriman's talents, but also for his political influence.

Carter, at least outwardly, has never lacked confidence in his victory. But now he is moving about with a presidential air. As his prospects as the Democrats' presidential nomination improve dramatically, so the excitement grows among those waiting with the chips in their pockets, eager to join Washington's favourite roulette game, the game for power positions.

Carter's choice of experts is important. With his limited experience in foreign affairs and his instinctive reservations as an outsider, and a candidate who made his anti-establishment line one of his most potent election issues, he is bound to regard the so-called foreign policy establishment with some suspicion. But he is also a shrewd politician who recognises the importance of advisory groups: they provide expertise for presidential speech writers and also show what a broad base a presidential candidate has in the influential power establishment.

Carter is secretly amused by the kind of guessing game that has begun in Washington about what one magazine called the "gentlemen-in-waiting"

What has caused some confusion is that his foreign affairs experts include men of such differing views as Paul Warnke, a liberal-minded former deputy secretary of defence under President Johnson, and Paul Nitze, whose views were formed in the cold war days of Dean Acheson.

Democrats, especially liberal Democrats, prefer their leaders to have a well-defined outlook, but Carter is preserving his flexibility. He denfends his group's wide political spectrum by saying he does not want to be moulded by the ideas of a few experts with similar views, but seeks a broader range on the basis of which he would make his own choice.

Among the two dozen foreign policy experts he has known longest and consults most directly are:

Cyrus Vance, a former deputy defence secretary under President Kennedy and deputy to Harriman during the Vietnamese peace talks in Paris. He is seen as a potential Secretary of State. He worked with Carter on the state governor's foreign policy committee and has known him since 1971.

Zbigniew Brzezinski, who served on the State Department planning staff under President Johnson and is now a professor at Columbia University, is considered a possible chairman of the National Security Council. Polish-born, he is an expert on American-Soviet relations. He was one of four who made the prescient choice of including Carter in the trilateral commission which seeks closer co-operation among the United States, Europe and Japan. He is secretary of the commission. Carter has been mainly a listener in the commission's work but is gaining useful experience.

Brzezinski sees Carter as the "new post-ideological politician, who does not fit into a doctrinal pigeon hole." He also sees him as a man well-adjusted, serene and confident.

Those who advise Carter see him as a highly intelligent, serious, cool, guarded, deliberate, realistic, thoughtful man with a tough mind and a touch of ruthlessness.

Carter sees himself as becoming his own secretary of state and conducting open diplomacy, in contrast to Kissinger's. He shares Kissinger's belief in the need for detente with the Soviet Union but criticises him for not being tough enough. But Carter considers the negotiations to limit strategic arms so important that he would not link them, as Kissinger has tried, to Russian behaviour in other areas. He is fascinated by the Middle East, at one time attracted apparently by his curiosity about the origins of religion. It also leads him to lament the extent to which religion seldom achieves its stated objectives.

His refusal to speak about military cuts in more specific terms has been criticised by Democratic liberals, but the advice of his experts that he should not debate defence policy with his Democratic rivals, but only during the presidential campaign, makes a good deal of sense. He has spoken guardedly about gradual American troop withdrawals from Europe and so loosely about withdrawals from South Korea that he was called by a high Japanese official who explained to him the disquiet he had caused in Tokyo.

Even for those who have had repeated dealings with Carter, it is difficult to determine his view of the world and his objectives, except that he is basically a moderaate internationalist. He is bound to tread cautiously and may prove more of a consolidator than innovator. I also feel his disagreements with current American foreign policy, shed of campaign rhetoric, are more a matter of style than substance.

lim-star quiff

assure the President of present primary trends

brandon writes: Presi-nt's advisers are now him that, to counter gan, he must shift his the middle ground, be residential" and empha-chievements.

dition, some advisers wed their plea for him Secretary of State Henry r. Senator John Tower blames Mr Ford's em-g defeat in the Texas largely on Dr Kissinger's ip to Africa.

st drive this page.

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pen the rear doors and you'll
see more cargo space than any other
van in its class. Next slip into CF's spacious
cab and appreciate its comfort and
car-like controls.

the smile

London

MARK FRANKLAND on the life and attitudes of Jimmy Carter

WHEN Jimmy Carter spoke to his supporters in Atlanta on Tuesday evening after handsomely winning the Democratic primary in his home State of Georgia, he reminded them that in 1974 the *Atlanta Constitution* announced his intention to run for President with the headline 'Jimmy Carter is Running for What?'

The supporters, of course, laughed and cheered. Weren't they looking at a man who had defeated or frightened off some of the best-known names in the Democratic Party, already captured more than a third of the delegates needed to win the nomination, and who radiated a seemingly indestructible self-assurance? What is more, the latest opinion polls showed him to be a likely winner over President Ford in the November election.

At the time, though, the headline had been far from silly. Indeed, until only three months ago, few people thought Carter had a chance of winning the nomination, let alone the Presidency. In national politics he was a nonentity. Worse than that, he was from the Deep South, and for the 100 years since the Civil War, a successful career in Southern politics had been an almost automatic disqualification for the Presidency. Texas, which produced Lyndon Johnson, is not considered truly Southern in this respect.

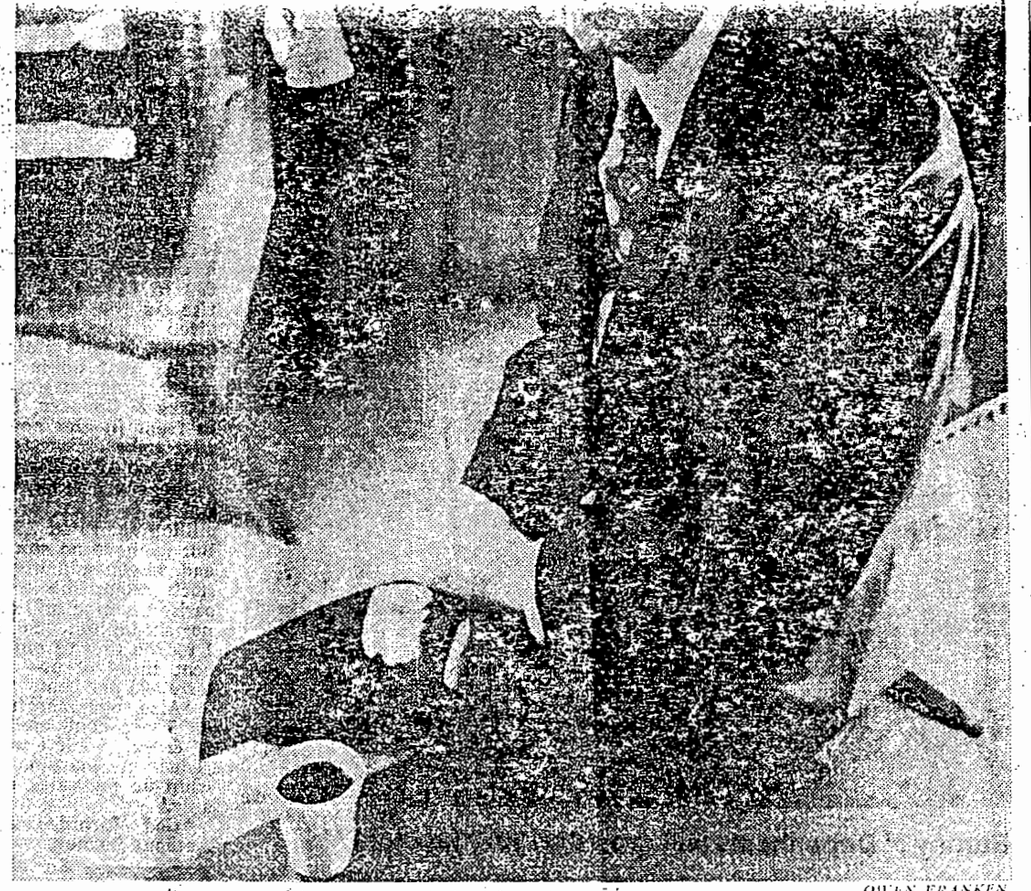
Even if Jimmy Carter gets no further, his rise to fame will be remembered as much more than a political thriller (though it has certainly been that, too); it marks the emergence of the Southerner as a potential national leader, and another stage in the slow from their old prejudices against each other.

Archery, the little settlement in south-west Georgia where Carter was born in 1924, and Plains, the slightly larger town (in Britain it would be called a village) where Carter now lives, are both in the black belt, that part of the rural South where there are more blacks than whites. Until recently, Southern politics were determined by the racial fears and prejudices of the black belt whites.

The Carters had farmed around Archery for nearly a hundred years when Jimmy was born, and his father, Earl, an energetic and enterprising man, brought the family fortunes higher than they had ever been. The year before he died in 1953, Earl Carter was elected a Georgia State Senator.

Jimmy's childhood was simple but not impoverished. With no electricity and the family self-sufficient for many of its needs, it cannot have been very different from a rural childhood in colonial Georgia. Carter worked in the fields, had his hair cut with mule clippers, climbed trees to shake down racoons and possums for his elders to shoot, and fished along rivers with names like the Choctawhatchee and Kinchafoonee.

He worked and played with black boys, but he did not go to church or school with them, and the adult blacks and whites never socialised (nor do they much today). The racial conventions of the time are well caught in a story Carter tells of how black neighbours stood outside the Carter house to listen to the second Joe Louis-Max Schmeling heavyweight



OWEN FRANKEN

JIMMY CARTER: His rise to fame marks the emergence of Southerners as potential national leaders.

Earl Carter's radio. At the end they thanked Mr Carter quietly, and then, after they had walked a decent way off, erupted in cheers and shouts.

Carter was the eldest son and very close to his father who was, in Carter's words, 'a very firm but understanding director of my life and habits.' His mother, Lillian, was every bit as determined as his father: she is a woman, she likes to say, who finishes anything that she starts. Carter is truly their son. Everyone who knows him well agrees on his unusual self-belief. At the age of nine, he told his mother that he was going to the United States Naval Academy at Annapolis, although until

The family's politics were predictable. Tom Watson, the turn-of-the-century Georgia populist, was a hero. Earl Carter died a true Southern conservative. Lillian Carter, although also a Deep Southerner by birth, was the exception. Now in her seventies, she is one of those fascinating people who seem to have been born out of place and time. She likes underdogs. She has never gone along with the taboos and prejudices on which the life of a town like Plains has been based for decades. In her late sixties, she went as a Peace Corps nurse to India, 'a dark country' as people around Plains still say.

Perhaps because of this

distinguish himself by style and sometimes hyperbole.

The style has misled some people to believe that Carter is a crypto-racist. What has particularly confused people is his ability to show sympathy with and draw trust from very different groups of people. His enemies accuse him of deception. His admirers say that his ability to understand Southern farmers or any other special group does not mean that he agrees with all their prejudices and certainly not their racial prejudices. Carter's record on race is certainly impeccable. But on this, as on almost every issue, he shies away from clear-cut ideological positions.

As Governor Carter showed

when the curtains parted and the tiny but legendary figure of Arturo Toscanini, astonishingly spry at the age of 85, advanced on to the platform.

In fact, disaster was averted only by a hair's breadth; the great man had momentarily forgotten that the programme was to open, not with a symphony, but with an overture, and the surprise of the chord that greeted his ears as he brought down his baton visibly threw him off balance. But the performances he went on to give of the Brahms Symphonies were of overwhelming greatness. The opening of the C minor Symphony carried an implacable insistency that I have never heard equalled.

Otto Klemperer's first Beethoven cycle in 1957 provided evenings of the same order. The first movement of the Choral Symphony had an unsurpassed epic grandeur, and the gale that blew through the finale swept all before it. And then I recall Stravinsky, already almost 80, leaping on to the platform like a gazelle, missing his step and regaining his balance with a balletic gesture of extraordinary grace, before driving into a performance of 'Oedipus Rex.' Events such as these are now part of musical history. In 25 years the Festival Hall has already acquired the patina of a building that plays a crucial role in our musical life.

The hall was conceived during those immediate post-war years of Crippsian austerity as the LCC's contribution to the Festival of Britain. That the resources were found at such a time is a tribute to the LCC's courage and long-sightedness. Today we take its existence for granted. But 25 years ago many voices loudly predicted that it would prove a white elephant.

The old Queen's Hall, conveniently situated across the road from Broadcasting House and Yarner's coffee shop, was still scheduled for rebuilding, and it was by no means certain that concert-goers would be prepared to brave the myster

agement to task for

imagination.

concept on of a concer not also under attack within. Musical develop in the past half century led an ever-increasing nu of composers away fro conventional symp orchestra and towards mental combinations vary with every work. is also the recently disc continent of electronic

How has the manag of the Festival Hall me up to this emerging w The answer is that it h ferred to behave as t it didn't exist, as is ind too evident in its c sions for new works t brate its silver jubilee. hen Walsh writes about in the Review Section.

After 25 years it is n equipped with ele sound, so that, on occasion it is called f whole apparatus has to stalled from scratch. T not something that mal management, which is case notorious for its l flexibility, jump for jo the contrary, a plan to p the complete version (t



Toscanini: A perform never equalled

aggressive in attitude and highly motivated to realize a major segment of a rapdily growing world-wide market.

z. England—The Singer Company, Link-Miles Division, Lancing:

(1) Employs about 900 people, and had sales of $21 million this year, up from $18 million the previous year.

(2) Simulator subsystems, like motion simulators, are built in Binghampton, New York. This offsets subsystems built in England so that there is no effect on balance of payments between the two countries.

(3) CAE Montreal is the third major simulator company, developed by Link as a separate company and now has become independent.

(4) Link stepped into the U.K. picture and acquired Miles after Miles began to build up to provide competition for Redifon with British Government stimulation.

(5) For the KC-135, C-130, and B-52 simulator competitions, Link has the advantage of going through the Binghampton, New York plant if the Buy America Act governs these procurements instead of being subject to the Memorandum of Understanding pending between the U.S. and U.K. regarding offsets.

(6) Simulators can be built at lower cost in England than in the U.S.

(7) The facilities, organization and caliber of managing personnel at Link-Miles were equal to Redifon. Link-Miles also is very aggressive and highly motivated.

aa. England—Hawker Siddeley:

(1) I discussed the Harrier program in detail as previously explained in my meeting with Rolls Royce, paragraph w.

(2) Sale of Harriers total approximately 250 of which about half are to the British Air Force and Navy, and 114 to the U.S. Marine Corps. Approximately 60 remain to be delivered against the 250 total. Production now is 2 to 3 per month. Production lead time is about 30 months. The Royal Navy buy of 25 Harriers should take up the production slack beginning in mid-1976.

(3) Ten of the U.S. Marine Corps Harriers have stood unused at Cherry Point for over a year. The reason was not known and should be provided to the committee.

(4) Agreement between Hawker Siddeley and McDonnell Douglas on Harrier production was amended several months ago to cover the improved version, AV-8B.

7. Summary—

a. Significant progress has been made during the past three years in closer and more productive cooperation with our European Allies towards the goals of standardization, cooperative research and development, coproduction and interoperability. However, this early momentum is slow and must be accelerated. No single country or group of countries within the Alliance can achieve this. It requires the concerted efforts of all member nations.

b. In the United States, there is a visible and growing awareness and participation by industry in European cooperation which is responding to this need. Industry, labor and the taxpayer all will benefit from the avoidance of unnecessary U.S. Government spending on development of new equipment which our European partners already have developed. The adoption of European developed hardware by the United States is accompanied by licensing to U.S. companies and provides U.S. industry with sales and U.S. labor with work. Such European equipment can be selected only in open competition with U.S. developed equipment.

There is a need for greater understanding by U.S. companies, by labor, and by the public that these arrangements are advantageous to the United States. Many do not realize this and innocently oppose such cooperation.

The Senate Armed Services Committee has been very constructive in its actions, in its hearings, and its reports on legislation in publicizing the importance of this approach. Moreover, the Senate and the House have supported this concept and have authorized and appropriated funds for such programs as the European (French-German) developed Short Range Air Defense Missile, Roland to make this a reality. However, much more has to be done to educate many members of the Congress who have not been fully informed about the advantages to the U.S. of cooperation with Europe.

c. The importance of making Roland a successful program cannot be overemphasized. This program involves two European companies, Aerospatiale (France) and MBB (Germany) and two U.S. companies, Hughes (prime) and Boeing (major subcontractor), and has the benegfit of the highest level of government support in France and Germany. Our own Department of Defense provides strong support and the Congress has reacted positively by providing necessary funds. This is the prime opportunity, in real terms, for the entire European community to be convinced of the willingness, sincerity, and capability of the United States to adopt a European developed weapon system for U.S. forces. In this respect, every effort must be made to insure success. Failure would be a serious setback to future cooperation with our allies and, in my opinion, could weaken the alliance.

d. To contribute to the success of this program, I have met separately, since my return, with top representatives of both European companies, both U.S. companies, French and German Embassy representatives, and U.S. Army civilian and military leaders. I have also communicated with DDR & E. I have impressed them all with my readiness to assist them within the area of my responsibility, to elicit full cooperation from all parties having an active part in this program. Their collective attitudes have been positive and favorable. I will continue to follow the Roland program very closely and strive in every way possible to further the concept of cooperation with our Allies. This is one positive way to help maintain an effective future combat capability for ourselves and our allies in Europe by making more effective use of our limited resources.

NATIONAL CONSUMER COOPERATIVE BANK LEGISLATION ATTRACTS MUCH SUPPORT

Mr. McINTYRE. Mr. President, earlier this session it was my privilege to introduce S. 2631, a bill to create a National Consumer Cooperative Bank.

To date this measure and its counterpart in the House have attracted the bipartisan cosponsorship of 67 Members of Congress, as well as enthusiastic support from throughout the country.

Endorsements of the proposal have come from a wide range of consumer, credit union, and cooperative organizations, and to illustrate the dimensions of that support, I would like unanimous consent to have reprinted at the conclusion of my remarks accounts that have appeared in the newspapers and journals of such organizations.

Mr. President, the National Consumer Cooperative Bank that would be created by this legislation would be modeled after the Farm Credit System, that eminently successful institution established under the Federal Farm Credit Act of 1933.

The National Consumer Cooperative Bank would provide a loan source for new, as well as existing and expanding, cooperatives in order to help such co-ops "provide quality goods and services at a reasonable cost."

The aid would cover co-ops in consumer goods, housing, health credit and other fields, and would include programs of technical assistance and financing.

It would be launched with Government investment and would provide loans to cooperatives not now eligible to borrow from similar existing institutions.

Though the Government would supply the original capital, borrowing co-ops would gradually replace the Government-owned capital with their own and would thus acquire ownership of the bank as they build equity in it.

The bank would get its loan funds by selling securities to investors.

A Board of Directors appointed by the President with the advice and consent of the Senate will provide policy guidance for the bank. Initially, 7 of the 13 directors would be drawn from the Government—Cabinet members or other officers from departments involved in financial, cooperative and consumer-related affairs. Six of the initial directors would be from cooperatives.

But as the Government capital is retired, an increasing number of directors would be elected by co-ops using the bank. Eventually, the bank would be completely borrower-controlled.

Will it work, this system?

Mr. President, if the Farm Credit System upon which it is modeled is a valid example, it will, indeed, work. Every dollar of Government capital in the Farm Credit System has been repaid, and the system is now owned by farmers and their co-ops. Moreover, the Farm Credit System is now providing nearly $30 billion in credit every year.

What will a National Consumer Cooperative Bank mean to people? What will it mean to the Nation?

To answer those questions let me quote, in part, from one of the statements I would like to have reprinted in entirety at the close of my remarks. This statement is by Shelby Southard, a member of the board of the Consumer Federation of America, and it reads:

It is anticipated that with the establishment of a consumer cooperative-oriented bank, we, as consumers, can and will build an increasing number of strong cooperatives to solve many of our own problems. We will not only have a voice in running our own bank, but also have the advantage of having the availability of highly essential technical assistance. Through competition, we can start having a real impact on the economy and the world around us. We can improve the quality of the goods and services and facilities we see in everyday life. We can reduce the price spreads between producers and consumers. As a result, we will have less need to turn to government to set up costly and in most cases ineffective, regulatory agencies and government services.

Practical involvement in successful consumer cooperatives will increase our level of economic education and business know-how. Wide membership in successful consumer cooperatives in such fields as consumer goods,

service, health, and possibly even new sources of energy, can and will lessen our frustrations of feeling that we are the victims of big organizations and the high concentration of economic power.

Mr. President, I sincerely hope that the enthusiasm for S. 2631 expressed in this statement and in the other accounts that follow will encourage early hearings on this important measure when we reconvene in the next session. I ask unanimous consent that the articles be printed in the RECORD.

LEADERSHIP NEWSLETTER, CREDIT UNION NATIONAL ASSOCIATION, INC., MADISON, WIS.

Bills to create a National Consumer Cooperative Bank have been introduced in the House and the Senate with 66 bipartisan cosponsors. The bills are endorsed by the Cooperative League of the USA and its members.

Sen. Thomas McIntyre (D-NH), one of the principal sponsors, said thousands of individuals and hundreds of groups have renewed interest in developing food, health, housing and other types of cooperatives.

Included in the bills are provisions to stimulate the development of cooperatives. A self-help development fund would be created to provide capital for new cooperatives serving low-income people.

Seed capital would at first be in the form of preferred U.S. stock. Later, capital would be replaced with private funds. Most loan funds are expected to come from private sources.

The Senate and the House referred the cooperative bank bills to their respective banking committees. Hearings are not yet scheduled, but the Cooperative League is optimistic hearings will begin next year.

The proposed cooperative bank is an entirely different thing from the once-proposed National Credit Union Bank. Conceivably, though, as a type of cooperative, CUs could participate in some of its services.

WISCONSIN PEC NEWS, WISCONSIN ELECTRIC COOPERATIVE ASSOCIATION, MADISON, WIS.

Official support for a national consumer co-op bank is coming from the rural electrification program at both state and national levels.

A bill to do for urban co-ops what the Farm Credit System, the Rural Electrification Administration and other loan programs have done for rural areas, was expected to be introduced shortly after Oct. 20 by Sen. Thomas McIntyre of New Hampshire. Here's an excerpt from a letter on the subject by Walter Seaborg, acting general manager of WECA, the state association of electric co-ops:

"There are many cooperatives, especially in urban areas which do not have access to adequate capital resources. We know from our own experience that getting adequate credit either short term or long term, is a major factor in the growth of cooperatives."

The letter was addressed to the chairman of the Senate Banking Committee, Senator William Proxmire.

Robert Partridge, general manager of the National Rural Electric Co-op Association, has pointed out in similar communications that "this would strengthen the cooperative movement and anything that strengthens co-ops is of great interest to NRECA and its members."

The Co-op League emphasizes that "support for this bill will help bring about a strong mutually beneficial alliance between farmers and consumers."

MIDLAND COOPERATOR, MIDLAND COOPERATIVES, INC., MINNEAPOLIS, MINN.

A bill that would establish a National Consumer Cooperative Bank was introduced into both houses of congress this month.

The consumer cooperative bank concept was formulated by the Cooperative League of the USA after contributions to the proposal were sought from cooperatives throughout the country.

Midland Cooperatives and some of its member cooperatives were surveyed to add input to the bill.

The National Consumer Cooperative Bank would be patterned after the Farm Credit System, which was designed only for agricultural producers. To qualify to borrow from the Bank for Cooperatives, a part of the Farm Credit System, a cooperative must have at least 80 percent agricultural producers as members.

Therefore, some of Midland's member cooperatives cannot qualify for Bank Cooperatives loans.

It is these cooperatives and other types of cooperatives, such as housing and health care, that are seeking establishment of the National Consumer Cooperative Bank.

The purpose of the bank would be to provide a loan source for new, existing and expanding co-ops on a sound business basis. Dollars for lending would be borrowed from investors through the sale of bonds, debentures and notes. Initial government capitalization would be replaced steadily as borrower co-ops repaid their loans. This is the same manner in which the Farm Credit System originally was financed.

"The Federal Farm Credit Act of 1933 provided finances needed to stimulate cooperative development in rural communities. The success of the program speaks for itself," says Sigved Sampson, Midland's president and general manager.

"The government has been fully reimbursed for the advanced funds provided and the system is now completely owned by American farmers. We believe similar results can be achieved for the non-agricultural sector of our economy through the National Consumer Cooperative Bank."

SENIOR CITIZENS NEWS, NATIONAL COUNCIL OF SENIOR CITIZENS, INC., WASHINGTON, D.C.

The Executive Board of the National Council of Senior Citizens at its meeting Sept. 29 unanimously endorsed a resolution calling for passage of legislation creating a National Consumer Cooperative Bank.

The resolution followed a talk by a representative of the Cooperative League of the USA on the need for financial support from the federal government to enable the development of consumer co-ops "to provide quality goods and services at reasonable cost."

Such aid would cover cooperatives in consumer goods, housing, health, credit and many other fields, and would include programs of technical assistance and financing.

CO-OP CONSUMER, GREENBELT CONSUMER SERVICES, SILVER SPRING, MD.

A farmer-producer cooperator from the pork-raising region of Ohio told the urban-consumer members of a big Washington area cooperative recently, "You need a national consumer cooperative bank."

Speaking before the annual meeting of the 34,000-member Greenbelt Consumer Services, Frank Sollars told his city listeners that farm marketing and supply co-ops succeeded in great measure because of "strong financing through the Farm Credit System." He observed that consumer cooperatives do not have this advantage and probably will not really get off the ground as an important part of the economy until they do.

Sollars urged the consumer cooperative audience to support a bill now being prepared for introduction in Congress which would establish a national consumer cooperative bank patterned closely after the half-century old Farm Credit System. The bank would be launched with government investment and would provide loans to cooperatives not eligible to borrow from similar existing institutions. Over the years, the government equity would be retired as cooperatives achieve ownership of their lending organization, as farmers and their co-ops finally did with their own.

"Co-ops should have no disadvantages," he said—"not in transportation, not in supply, not in financing. Urban co-ops have not had the help rural co-ops have had."

Sollars, chairman of the board of Nationwide Mutual Insurance Company, fifth largest auto insurer in the United States, has owned and operated a Fayette County, Ohio, farm for 33 years. He has served on the boards of several farm cooperative organizations, including Landmark, Inc., a large Ohio-based farm marketing and supply cooperative. He also is a member of the board of the Cooperative League of the USA.

The consumer co-op listeners liked what they heard, and adopted a resolution endorsing the bank legislation.

COOPERATIVE OIL FOR TROUBLED WATERS

(By Eugene R. Clifford, director, information/education, Cooperative League of the USA)

American enterprise is the world's best demonstration of private enterprise—when competition is vigorous and uninhibited, and so widespread as to be an effective built-in regulator of supply and quality and price.

When such competition is lacking in any sector of the economy, both the consuming public and the rest of the business community are pushed out of balance by the muscle of monopoly—the muscle that forces unilateral, self-serving standards for quality and supply, and provides freedom to ignore usual market pressures in matters of pricing.

This is the bald fact of life describing the oil industry in this country today.

Two groups of U.S. senators have urged legislation "to restore and promote competition in the petroleum industry," because three-fourths of it is tightly held by 16 large oil corporations. They propose that major firms must divest themselves of related operations that give them interlocking grips on every major aspect of the industry. Corporate owners have "a free hand to raise prices whenever they want," the senators claim.

Others point to massive reserves of crude oil identified on federally-owned lands, and urge that government should develop these basins and force down prices by demonstrating true costs of production and by adding substantially to available supplies.

There is still another way to free the corporate grip on oil.

All of the advantages of government development can be realized without fattening the government's role in our business and private lives. The appealing democratic concept of control in the hands of the people is not served exclusively by casting them in a political role and responding to their needs through government. It may be served even better by encouraging an economic role in which they respond to their own needs by joining together to serve themselves through cooperatives.

A cooperative is beautifully suited to the job of insuring fairness and honest treatment for those who use its services. It must be, because the users are the owners—the sole owners. Together, they decide about such things as quality and variety of services. Together, they decide about dollar matters, such as budgeting and investment for expansion. This is the fundamental control in business, and in a cooperative the members share it equally.

People all around the world—fifty million in the United States—use their cooperatives to provide things they need, such as farm marketing, processing and supply services; consumer goods with emphasis on quality and fair pricing; housing that often centers

a variety of community services; health services that underscore prevention of illness rather than costly efforts to cure it; rural electric and telephone services; preschool child care; memorial societies whose purpose is to put sense and economy into the funeral business; credit unions which encourage thrift and pooled savings so that members can borrow from themselves at reasonable rates. Co-ops provide all of these and many other essentials of modern life.

Some major cooperatives have found a solid road to savings for members in the petroleum business, too. Several substantial farmer cooperatives are veterans in the ownership and operation of oil wells, refineries, pipelines and retail level distribution systems. Their *only* concern has been to guarantee adequate supplies of petroleum products for their members at the lowest possible cost. They have not raised alarms about artificial shortages, nor have they boosted prices to users unduly in order to inflate margins. They have no need to do this, because the users are the owners and have nothing to gain from misleading themselves or overcharging themselves.

Could this pattern work for consumers as well as farmer producers? Of course it could. It is working that way right now in one sense, as many of these major farm co-ops serve the *consumer* as well as the producer needs of their members, providing such basic as automobile gas and oil and fuel oil for home heating.

Nineteen of these people-owned organizations have joined together to form the International Energy Cooperative, which now serves as their collective approach to foreign oil producers. Their aim is to assure a supply of crude oil that will keep their refineries at work and their pipelines full to provide the end products their members must have.

Here is the successful cooperative pattern in the oil business. It is working right now, serving both consumer and producer needs. It can be adapted to broad consumer use, IF . . .

It can be adapted *IF* consumers can find access to the kind of financing needed to provide the facilities and equipment necessary to this kind of operation.

That's a big IF, but it's not an impossible IF . . . .

The Cooperative League of the USA and many supporting organizations, co-ops and others, are now urging passage of legislation (S. 2631) to establish a National Consumer Cooperative Bank. The bank would be tailored after the Farm Credit System and its Bank for Cooperatives which has financed farmer co-ops for a half century. Initial government capitalization would be gradually retired by users of the bank's services, and the final result would be consumer cooperative ownership of their own financial institution.

Impossible? Nonsense. This is exactly what happened in the case of the Farm Credit System. Every dollar of government capital has been repaid, and the system is now owned by farmers and their cooperatives. Does it work? Well, it is now providing credit at the level of $30-billion a year, free of dependence on government and borrowing its funds entirely from private investors.

Clearly, there is a solid resource of cooperative experience and expertise in the oil business. Patterns for successful operation are available. If the co-op bank legislation is passed, funds will be available too.

Then it will be up to the American consumers to decide if they finally must take a hand in managing the fair distribution of a natural resource which is dramatically enriching the few at a time when it remains unavailable on reasonable terms to the many.

CONSUMER FEDERATION NEWS, CONSUMER FEDERATION OF AMERICA, WASHINGTON, D.C.

(By Shelby Southard, CFA board member)

After testing the waters, and wading into the rapids in our fight to keep our heads above water midst rising prices, we consumers are finally ready to take the big plunge. The impetus was sparked by a comment from Ralph Nader at this year's Consumer Assembly, when conferees at the annual meeting of the Consumer Federation of America adopted a resolution favoring the establishment of a National Consumer Cooperative Bank. This Bank would be patterned after and would draw upon the experience and principles that have made the nearly 60-year-old user-owned Cooperative Farm Credit System so successful. That organization now lends $27 billion a year, and there's no reason to doubt we can do just as well.

At the meeting Nader pointed out that attempts to regulate business in our inflation and depression ridden economy usually end up with those to be regulated doing the regulating. It is a frustrating experience. He suggests that if consumers really want to have an effect on the economy they should build strong cooperatives to serve themselves the way they want to be served. He says what we need is a bank for consumer cooperatives to provide the necessary financing for such enterprises. How true.

We of the Cooperative League of the USA are proud that the Co-op League, in consultation with CFA and many other groups, is drafting such a proposal which it expects to be introduced in Congress soon. The proposed bill would establish the National Consumer Cooperative Bank to close the gaps between existing cooperative sources of credit for cooperatives.

How would this Bank work? It would not compete with existing cooperative scurces of credit. The Government would supply the original capital. Borrowing cooperatives would gradually replace the government-owned capital with their own and would thereby acquire ownership of this Bank as they build up equity in it. The Bank would obtain its loan funds by selling securities to investors. It would be under the policy guidance of a Board of Directors. At the outset, the Board would be appointed by the President with the advice and consent of the Senate. In recognition of the Government's major investment in the Bank, seven of these directors would be Cabinet or other from departments involved in financial, cooperative, and consumer-related affairs. Six appointees would be from cooperatives. As the Government caiptal is retired, an increasing number of directors would be elected by cooperatives using the Bank until it was completely borrower-controlled.

The Bank would be supervised by a small independent agency which would report to Congress and the public on the progress of its operations and how it meets the broad policy guidelines established by Congress. This agency would also supply much needed technical assistance such as feasibility studies, co-op board orientation, management and financial training—especially for small and new co-ops—to make sure the cooperatives use their credit wisely and operate on a sound business basis.

Any business needs to have a sufficient supply of risk or equity capital, usually supplied by the owners, to warrant creditors making loans to them. The Agency will, therefore, be responsible for the operation of a self-help revolving development fund that will be used largely to supplement member investments in the equity capital for new cooperatives and for those organized by or serving low income people. Such investments would only be made to cooperatives that have a workable plan to gradually repay the Government capital as members build up their investments in them.

It is anticipated that with the establishment of a consumer cooperative-oriented bank, we, as consumers, can and will build an increasing number of strong cooperatives to solve many of our own problems. We will not only have a voice in running our own bank, but also have the advantage of having the availability of highly essential technical assistance. Through competition, we can start having a real impact on the economy and the world around us. We can improve the quality of the goods and services and facilities we use in everyday life. We can reduce the price spreads between producers and consumers. As a result we will have less need to turn to government to set up costly and in many cases ineffective, regulatory agencies and government services.

Practical involvement in successful consumer cooperatives will increase our level of economic education and business know-how. Wide membership in successful consumer cooperatives in such fields as consumer goods, service, health, and possibly even new sources of energy, can and will lessen our frustrations of feeling that we are the victims of big organizations and the high concentration of economic power. We can develop our own consumer power!

PEOPLE POWER

America is grounded in the tradition of individual ownership of land, farms and businesses. With skyrocketing costs and the huge investments needed to get into business, widespread individual ownership is impossible. But people can and do still have the opportunity to own, control and operate businesses together through the proven mechanism of cooperatives. Together we can own and control much more of the businesses that serve us, if we but have the will to organize, to invest our time and money and have an adequate source of borrowed capital. A National Consumers Cooperative Bank, sensitive to our cooperative needs, can provide such loan financing if we show our representatives in Washington the need for it and explain to them how we can use it to solve many of our own problems without continuing to need huge outlays of taxpayer dollars.

WASHINGTON MEMORANDUM, NATIONAL CATHOLIC RURAL LIFE CONFERENCE, DES MOINES, IOWA

One of the finest examples of government support for self-help enterprises is the Cooperative Farm Credit System. That 60-year old program started with government financing which has been totally repaid and the system is now owned by the cooperatives which use it as a source of credit.

A proposal is now being developed which could create a similar system for consumer cooperatives. It would establish a National Consumer Cooperative Bank which would initially be funded by government loans. This capital would eventually be replaced as consumer co-ops repay their borrowings. It would be supervised by a new Cooperative Bank and Assistance Adminstration, which would also administer a $250-million Self-Help Deveopment Fund for new and low-income co-ops.

Bills to establish this National Consumer Cooperative Bank have been introduced in the congress. More information is available from the Cooperative League of the USA, 1828 L Street, N.W., Washington, D.C. 20036.

CAROLINA COUNTRY, NORTH CAROLINA ELECTRIC MEMBERSHIP CORP., RALEIGH, N.C.

Legislation to establish a National Consumer Cooperative Bank is envisioned as closing the gaps between existing sources of credit. The government would provide the original capital, but borrowing co-ops would gradually replace the federal capital with their own. Thus, the borrowers can acquire ownership in the bank as they build up equity.

Establishment of the bank would eliminate one of the major hurdles which must be cleared whenever consumer groups try to organize co-ops as a means of reducing the cost of goods and services—finding a source of financing. Setting up a cooperative can be a costly proposition, and most consumer groups have no source of credit for such operations.

Cost-conscious Americans are eager to organize co-ops in such diverse areas as food purchasing, auto repair, child care and health services. But only a few more than 200 consumer co-ops are now operating in the U.S. and their combined membership comprises less than one-fourth of one percent of the nation's population.

The National Consumer Cooperative Bank would provide the impetus needed to channel this widespread interest into functioning consumer-owned cooperative enterprises.

We hope congress will move swiftly to establish this important new source of financing for consumer cooperatives.

UNIVERSAL BUYER-MERCHANDISER, UNIVERSAL COOPERATIVES, INC., ALLIANCE, OHIO

(By F. L. Lair, executive vice president)

The main thrust of the National Consumer Cooperative Bank bill is to provide a source of financing for those cooperatives (nonfarm, urban, suburban) not eligible to borrow from the Farm Credit System's Bank for Cooperatives. It would provide the same services for consumer cooperatives as the Rural Electrification Administration and the Farm Credit Administration provide for farm and rural groups. The success of farmer cooperatives is due, in no small part, to the availability of sound financing through the cooperative Farm Credit System, and it is the aim of the proposed bill to achieve the same degree of success for producer-consumer cooperatives.

More and more people recognize the contributions of farmer cooperatives to rural America. The farmers, through their cooperatives, have improved their economic welfare and at the same time have created certain consumer benefits through improved quality standards and reasonable prices. Access to sources of sound financing and technical assistance from the cooperative Farm Credit System were keys to that achievement.

The American consumer needs every available tool to meet the challenges of today's spiraling inflation. By acting jointly through cooperatives, he can effect savings and benefits not otherwise available to him. The availability of a source for sound financing, solid counsel and careful monitoring of borrowers' operations will permit greater development of non-farm and urban cooperatives designed to provide the consumer his needed goods at a reasonable price.

Undoubtedly, passage of the National Consumer Cooperative Bank bill would add strength to the cooperative movement, since development of effective, financially sound consumer cooperatives with direct links to farmer cooperatives would provide an important asset in providing goods and services to rural and urban America.

TELEVISION VIOLENCE

Mr. MAGNUSON. Mr. President, today I received a Christmas card from a close friend that wished for "Peace on Earth." Last week I turned on my television and what I saw was not peace on Earth but murder, mayhem, and gratuitous violence. As we in the Senate and the rest of the Nation approach the Christmas season, the time of year for the joy of children and the gathering of families, I think it is useful to reflect on the impact of the single most important purveyor of violence in our society today—television programing.

Different people have different ideas about television in the United States. I personally think there is a lot of good programing nowadays. I certainly think programing has steadily improved over the years. But I also recognize that commercial television is a business. It is organized and designed to make profits. It does that very effectively. Advertisers today see television as the best selling tool that has ever been created by the hand of man. So advertisers clamor for the available space on television and pay dearly for that space when they can get it. In return, the television industry attempts to deliver as many viewers as possible to receive the advertisers' message. The vehicle for viewer acquisition is programing.

It is not surprising that there is great pressure within the television community to produce programs that attract and hold viewer attention as inexpensively as possible. Nor is it surprising that there is great pressure to hold down production costs of commercial television programing. This combination of influences, which is no one's fault, can carry the blame for most of what is bad today on television. In particular, I am thinking of the large number of violent actions portrayed every day in the Nation's living rooms. It is cheaper and more profitable to run shows that are low on dramatic content, high on physical action, and present stereotyped cliches.

There is too much violence on television today. The gratuitous use of violence for the sole purpose of attracting and maintaining audience attention is common programing practice. Violence is portrayed without showing the human consequences is cheap. But this kind of violent portrayal degrades the viewer and the perpetrator. I am not surprised, and I hope that the television industry is not surprised, that 70 percent of the American people, according to a Television Guide survey published December 1, agree that there is far too much violence on television today.

The Nation and the Senate owe a debt of great gratitude to Senator JOHN O. PASTORE of Rhode Island for the role he has played over the years in focusing the violence on television. In March of 1969, a major milestone in television programing occurred when Senator PASTORE wrote a most important letter. He told then Secretary of the Department of Health, Education, and Welfare, Robert H. Finch, that there was an obvious lack of research into the issue of possible connections between antisocial behavior and television violence. That correspondence led directly to the study conducted by a committee appointed by the U.S. Surgeon General. The Surgeon General's committee filed its report on January 19, 1972. Its basic conclusion was that—

The casual relationship between televised violence and anti-social behavior is sufficient to warrant appropriate and immediate remedial action.

Senator PASTORE has continued his efforts to focus the debate. So today there is a growing consensus that gratuitous violence on television is no longer an acceptable norm. The last 2 years have seen credible moves made both inside and outside the television industry to find some alternatives to historical violent programing patterns. I wish to commend Senator PASTORE for his leadership and devoted work in this regard. A generation of children will be forever in his debt.

What do we know today about the connection of television violence to harmful social effects? Recently, Dr. Michael B. Rothenberg, M.D., a child psychiatrist on the faculty of the University of Washington in Seattle published an article in the Journal of the American Medical Association. His article summarized 146 papers representing 50 studies involving 10,000 children and adolescents from every conceivable background. Each of those studies shows, according to Dr. Rothenberg, that violence on television produces increased aggressive behavior in the young, and that immediate remedial action in terms of television programing is warranted.

In his summary of the research findings of the studies he reviewed, Dr. Rothenberg concludes:

First. Novel, aggressive behavior sequences are learned by children from aggressive actions shown on television or in films.

Second. There is a decreased emotional insensitivity to media violence as a result of the repetition of violence in the mass media.

Third. There is no evidence that televised violence has an "aggression catharsis"—a draining off of aggressive energy.

Fourth. Aggression can be inhibited by a televised reminder that the action was morally wrong in terms of the viewer's own ethical principles and by a portrayed awareness of the bloody, painful aftermath of the televised aggression.

Dr. Rothenberg points out that the 146 published papers he reviewed represent 50 separate scientific studies of all kinds—laboratory studies, correlational field studies and naturalistic experiments. And all show that viewing violence produces increased aggressive behavior in the young.

These results are not too surprising since television claims to its advertisers that it is a very persuasive medium for

defendant in court and who may not attach great weight to such an identification in the absence of corroboration.

For the above reasons, I urge the Senate to give prompt consideration to the proposed legislation.

By Mr. McCLURE:

S. 1550. A bill to prohibit the sale, alienation, or commitment of gold by the Secretary of the Treasury without prior approval by act of Congress. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. McCLURE. Mr. President, today I am introducing a bill to prohibit the sale, alienation, or commitment of gold by the Secretary of the Treasury without prior approval by act of Congress.

In the years prior to passage of the law which permits the American citizen to own gold the U.S. Treasury came up with a series of specious arguments against gold ownership. One of them was that gold is and should be treated exactly like every other commodity. During debates on this subject I often pointed out that that was precisely what Treasury was not doing, in advising against private ownership of gold. Showing the inconsistency of the Treasury's position did not, however, mean that I had brought their premise. Gold is not and never has been exactly like anything else. For century after century it has served as a numeraire that is the basis upon which the price of everything else was calculated and the ultimate reserve of value.

So called gold nuts are often criticized for a mystical reverence for the metal. But there is nothing mystical in a preference for a substance which is unique in combining the qualities of durability, malleability, and quantity and beauty.

There is more cause for surprise when a gold-based currency fails, at least until examination shows that the coinage has been deflated by government. And there is only a distinction of sophistication between the coin clipping of Emperors and the inflationary practices of democracies. Gold itself remains valuable in both its roles as a measure of value and store of reserve. For example, a barrel of oil has been worth the same 2 grains of gold for years. It is the currencies which fluctuate.

Given the overall stability of this metal it would be the height of folly to sell remaining reserves. The United States cannot unilaterally strip gold of its value. And despite all the talk of demonetization by the various committees of the International Monetary Fund gold is internationally as desirable today as it was when the United States belatedly closed the gold window in 1971 to protect its diminishing reserve. The IMF permitted members to offer gold as collateral for loans and the German-Italian loan followed. The IMF allowed members to reevalue gold at free market prices and the result was the French figure of 170. Demonetization is the popular phrase and the SDR is the fad of the moment, but the real action is in gold.

It is impossible to see why the United States or any financially responsible body would want to substitute the rapidly inflating paper currencies of the world for a metal with a proven intrinsic value. I urge therefore. that the sale of gold by the Treasury without approval by Congress be prevented by law.

By Mr. MOSS:

S. 1552. A bill to amend title XVIII of the Social Security Act to authorize the provision of intermediate care services under medicare, and for other purposes. Referred to the Committee on Finance.

NURSING HOME REFORM—PART II

Mr. MOSS. Mr. President, my Subcommittee on Long-Term Care has been investigating nursing home problems since 1963. Early hearings by the subcommittee resulted in a substantial number of amendments to medicare and medicaid in 1967. In fact, the existing body of uniform Federal minimum requirements from nursing homes stems from these so-called Moss amendments of 1967. Since 1969, the subcommittee has conducted 25 hearings and taken more than 5,000 pages of testimony. We are currently in the process of releasing a 12-volume report on nursing home problems entitled "Nursing Home Care in the United States: Failure in Public Policy." Five volumes of this report have been released with the remainder to follow at monthly intervals.

During a news conference last November, I detailed the subcommittee's plans to release our reports over a 12-month time frame for purposes of keeping the issue before the American public. Unfortunately, this has lead some observers to the conclusion that we would wait until the end of this year before introducing any legislation. As I said on the floor to the Senate on March 12, this is far from true. In fact, I introduced the first 12 bills of my nursing home reform package. Today I am introducing the remaining 36 bills.

I would like to emphasize a couple of points about this 48-bill package. First, I shall introduce still other bills. The present series of bills is, more than anything else, a response to the problems and conditions developed by the New York Times and hearings in that city conducted by my Subcommittee on Long-Tern Care. Second, the Senate Special Committee on Aging is not a legislative committee. This means that we must rely on other committee's to enact the proposals we develop.

We have done this in the past and look forward to working with other committees of the House and Senate as they refine and hopefully enact the bills I am introducing today. This year I feel we are particularly blessed because of the creation of the House Permanent Committee on Aging chaired by my friend WILLIAM J. RANDALL of Missouri. I am grateful also for the fact that CLAUDE PEPPER of Florida has been named chairman of the House Aging Committee's Subcommittee on Health, and Long-Term Care. I look forward to working with Congressman PEPPER who has agreed to act as House sponsor for the legislation I am introducing. Congressman ED KOCH who has developed much nursing home and home health legislation on his own and who introduced my previous 12 bills in the House has graciously consented to be the prime cosponsor of the 36 bills that we are introducing today.

I should also like to emphasize that I shall be vigilant not only in my efforts to move this legislative package but also in seeing that HEW takes action to implement and enforce existing law in line with congressional directives. I have some specific points in mind:

First, HEW must begin to enforce Federal law and regulations which prohibit nursing home operators from dominating State boards which license nursing home administrators.

Second, HEW must announce regulations implmenting section 242 of Public Law 92-603, which makes offering or accepting a kickback a crime punishable by a $10,000 fine and a year in jail.

Third, HEW must announce and enforce regulations implementing my measure to require the disclosure of nursing home ownership. This law was enacted in 1967 to cover indirect as well as direct interests, but HEW has made no change in regulations. There is no uniformity in the way States keep these lists or in the information they contain. They are seldom available to the public as required by law.

BILLS DESIGNED TO MAKE LONG-TERM CARE MORE READILY AVAILABLE TO ALL OLDER AMRICANS

First is a bill to provide nursing home coverage under medicare without requiring prior hospital and establishing a second level of care, intermediate care, and requiring standards for intermediate care facilities providing such services under medicare. Intermediate care services are presently authorized under medicaid but not under medicare.

Mr. President, I introduce for appropriate reference a bill to expand the scope of medicare to provide nursing homes without the prerequisite of prior hospitalization and to create a second level of care authorized in the program called intermediate care. This proposal should be viewed in tandum with several bills that I introduced last month such as:

S. 1161 to authorized an experimental program to subsidize families to care for their elderly in their own homes;

S. 1162, to authorized payment for day care services under medicare;

S. 1163, originally proposed by my colleague Congressman [illegible] for purposes of broadening the scope of medicare and medicaid home health services; and

S. 1165 to authorize funding for "campuses for the elderly" that is, the construction and operation of a nursing home, home for the aged, congregate living facility, hospital, and senior citizens' center located on site.

These bills taken together and with those I refer to below will provide this Nation when they are enacted for the first time with a comprehensive program of treatment for our infirm elderly.

These proposals, of course, stem from our 25 hearings since 1969 and from our 12-volume series of reports. As our introductory report makes clear, we have made much progress in this field with

the enactment of medicare and medicaid but we still have far to go.

HOW MANY OLDER AMERICANS NEED LONG-TERM CARE?

Ethel Shanas, a respected authority in the field, in her 1967 study, "The Needs of Older Americans in Five Countries," projected that about one-fifth of our 20 million older Americans needed some degree of protective service, ranging from personal care—help in dressing, bathing, eating, and just in getting through the day—to skilled nursing care on a continuous 24 hour nursing basis.

Of these 4 million older Americans, a little over a million are presently institutionalized. There are 900,000 in nursing homes and related facilities and 111,000 in mental institutions.

The remaining 3 million individuals are found in the community. These individuals are bedfast, housebound, or ambulate only with difficulty.

While these facts should be enough to document the increasing need for long-term care, two other factors should be added.

The first relates to the fact that more and more individuals are living longer and longer. Modern medicine has lengthened the lifespan. But while mortality has been set back, disability increases sharply with advanced age.

The second factor is the prohibitive cost of long-term care. The cost of nursing home care in the United States today averages something like $600 a month. An average retired couple receives less than $300 a month in social security benefits. Nursing home care is clearly out of their reach. The services of a home health nurse which must be purchased at an average rate of $3.50 an hour are also unavailable.

WHAT DO EXISTING PROGRAMS PROVIDE?

The explicit suggestion from the previous paragraphs is that millions of older Americans are going without needed care and services. This contention is amplified by the paucity of programs in the field of long-term care.

The medicare program which now serves our 20 million senior citizens and about 3 million disabled, provides a benefit for individuals who have been in the hospital for 3 days in a row, or who are transferred to a skilled nursing facility participating in medicare within 14 days of their discharge, providing that a physician certifies their continuing need for the kinds of services for which they were hospitalized.

In 1965, the Congress specifically considered the question of whether a nursing home benefit should be provided. The answer was negative. What was provided instead was a post-hospital benefit called "extended care." Extended care was so named because services had to be provided in separate facilities with standards just below that of the hospital itself. The level of care provided is called skilled nursing care. So last year's medicare reform bill, H.R. 1, resulted in a name change so extended care facilities are now known as skilled nursing facilities, taking the name of the acute, subhospital level of care they provide.

In 1974, this medicare nursing home program contributed only $200 million to the Nation's $3.5 billion nursing home bill. Some 70,000 nursing home patients in any given day have their care paid for by the medicare program.

The lion's share of the cost of nursing home care was assumed by the medicaid program which contributed $3.7 billion in 1974.

Medicaid is a Federal grant-in-aid program administered by HEW in which the Government pays from 50 to 83 percent of the costs incurred by the State in providing nursing home care to welfare recipients who are unable to pay for the care they need.

While it is clear that there is a great and growing need for long-term care, medicare, within the institutional context, presently provides little or no help. For those willing to take the pauper's oath, medicare now provides two levels of care. In addition to skilled nursing, that level nearest to hospital care, medicaid for the first time this year provides for a level called intermediate care. Individuals requiring more than board and room, but less than skilled nursing care, which is what most people associate with conventional nursing care, is available only to welfare patients.

NONINSTITUTIONAL CARE

What does medicare provide by way of home health benefits?

There is the skeleton of a program but no real program of substance with total outlays running less than 1 percent of medicare's $12 billion contribution care of Americans over 65.

Home health care is provided under both part A and part B of medicare. Part A provides for home health benefits—up to 100 visits for each benefit period—after an individual has been hospitalized for at least 3 days, providing that a home health plan is established for the patient within 14 days of his transfer from a hospital or medicare skilled nursing facility. Moreover, individuals must be confined to their homes and a physician must certify the need for skilled nursing care or physical therapy. Speech therapy, occupational therapy, part-time services of a home health aide and medical social services are also authorized, subject to the continuous precondition that the patient qualify for skilled nursing care.

The definition of skilled nursing care in the home health setting has been as restrictive as applied in the nursing home setting. The result has been to keep the costs of the medicare home health program down to their present minimal level and, perhaps, to deny millions of Americans the care they need.

To complete this analysis of existing programs, home health care is also provided under medicare part B, the supplementary medical insurance portion of medicare. The same preconditions for eligibility are required except for prior hospitalization which is unnecessary to claim benefits under part B. The scope of coverage is the same with the potential of benefits ranging from the services of a home health aide to speech therapy. Benefits are restricted by the limitation of qualification for skilled nursing care. In fact, home health agencies are required as a condition of participation in the medicare program to provide skilled nursing, plus one additional service. In 75 percent of the cases the other service provided is physical therapy.

SOLUTIONS: TOWARD A NATIONAL POLICY

Mr. President, my consistent theme throughout this discussion of both the home health—noninstitutional—and institutional setting is that there is a need for services broader than skilled nursing care—that most acute level of long-term care. The very absence of other levels of care undoubtedly leads to overutilization of hospital beds or skilled nursing facilities. The suggestion that needy patients are being denied services has by now become a ringing conclusion which necessitates legislative reforms.

The solution that I have proposed is to prove the broad spectrum of services to meet the individual needs of the elderly. As I noted previously, S. 1163 would provide expended home health services under medicare and medicaid. S. 1163 also introduced on March 12 would authorize programs to subsidize families to care for the elderly in their own homes. Morever, my bill, S. 1162 would authorize day care services under medicare. The bill I am introducing today expands medicare's nursing home coverage establishing a second level of care.

The level of care will be called intermediate care and will be consistent with the definition of intermediate care under title 19—medicaid. With the enactment of this proposal, medicare will for the first time provide assistance to the elderly needing levels of care characterizing conventional nursing home care. This bill provides that an individual will be entitled to 100 days care—total—per benefit period under medicare part A, regardless of whether such care is received in a skilled nursing facility or an intermediate care facility. Moreover, my bill deletes the 3-day prior hospitalization requirement and the 14-day transfer requirement so that physicians can place individuals in skilled nursing facilities or intermediate care facilities without the necessity of prior hospitalization. The present requirements for utilization review, medical review, and professional review would be continued to insure that patients are properly placed and to prevent overutilization.

In addition, the copayment features of the medicare nursing home benefit would be retained. The first 20 days care in a nursing home would be paid for irrespective of whether the patient was in a skilled nursing facility—SNF—or an intermediate care facility—ICF—the patient will continue to pay $7.50 a day thereafter for the next 80 days.

SUMMARY

Mr. President, the clear and growing needs of older Americans for long-term care is becoming an alarming reality. The problem will only become more acute in the future. If left unattended, the problems of the present will return in the form of an amplified crisis in the next few years. Equally as clear as this dramatic and growing need, is the failure of present Federal programs to insulate

older Americans against the multiple costs and pressure of increased age with increased disability. With nursing home costs averaging $600 a month, a few but the rich can afford to pay for their care.

The medicare program provides help only to those who are so ill that they require hospitalization, and then only for the continuation of care provided in the hospital. This narrow range of nursing home benefits has led many misinformed older Americans to cry that medicare has become another broken promise. Only under the medicaid welfare nursing home program is there the broad range of institutional services. In the noninstitutional sphere, medicare under both part A, the hospitalization portion, and part B, the supplementary medical insurance portion of medicare, provides a home health benefit.

In theory, a wide range of services is available, including physical therapy, occupational therapy, speech therapy, the services of a home health aide, and medical social services. In practice, these services are not available because of the statutory precondition that patients must continue to be eligible for that highest of levels of long-term care called skilled nursing care.

The legislation I am introducing today provides a secondary, less acute level of care in the medicare programs institutional benefits. The proposals would provide expanded in-home and day care services. The enactment of these measures will give the Nation, for the first time, a comprehensive set of benefits in the field of long-term care. For the first time the United States will have a national policy with regard to the infirm elderly.

By Mr. MOSS:

S. 1553. A bill to amend section 213 of the Internal Revenue Code of 1954 with respect to certain nursing home expenses. Referred to the Committee on Finance.

TAX DEDUCTIONS FOR NURSING HOME CARE

Mr. MOSS. The next is a bill to amend the Internal Revenue Code to allow a family to deduct as a "medical expense" payments made by a family for nursing home care received by a relative.

Mr. President, I introduce for appropriate reference a bill to allow families to claim as a medical expense payments made for care in a nursing home received by a relative.

The purpose of this bill is obviously to help ease the tremendous financial burden of placing a family member in a long-term care facility. The average nursing home in the United States charges $625 per month. There are few families who can afford this extra expense, especially during these times of relative economic austerity.

There are still fewer elderly who can afford to pay for the nursing home care that they need.

This generally means that the elderly go without the care they need or that they must liquidate whatever assets they might have to pay for the care. Sometimes it means that families must sell their own assets or make important sacrifices. All too often there is a temptation on the part of families to "let the Government take care of it." This means that family members are placed on the welfare roles as medicaid recipients. This program pays for almost 50 percent of the Nation's nursing home bill. However, it is to be emphasized that medicaid requires a means test and is available only to indigents. The elderly must exhaust all or most of their assets before they are eligible.

At the present time the Internal Revenue Code allows a family to deduct the cost of providing nursing home care to a family member but only if that member is a dependent. My bill would make an important change allowing such deduction even when the aided person could not be claimed as a dependent.

The effect of this bill, in short, would be to encourage families to care for their aged adults. It may prevent the addition of patients to the welfare roles allowing the elderly to keep some modest assets and some modicum of their human dignity.

By Mr. MOSS:

S. 1554. A bill to provide for the modification of the medicare reimbursement formula to allow small hospitals in rural areas with low occupancy to provide long-term care but only in those areas where there are no appropriate nursing home beds available. Referred to the Committee on Finance.

LONG-TERM CARE IN SMALL RURAL HOSPITALS

Mr. MOSS. Third is a bill to provide for modification of the medicare reimbursement formula to allow small hospitals in rural areas with chronic low occupancy to provide long-term care but only in those areas where there are no appropriate nursing home beds available.

Mr. President, I introduce for appropriate reference a bill for the modification of the medicare reimbursement formula to allow small hospitals with low occupancy in rural areas to provide long-term care but only where there are no appropriate nursing home beds available.

This bill is based on the Utah cost improvement project funded by the Commissioner of Social Security on December 8, 1972, and which continues under the able direction of Dr. Burce Walter, Utah's deputy director of health.

In my State, as in many others, there are many small hospitals with empty beds. In some cases average occupancy rates have dropped down below 60 percent. Such hospitals are having a tough time making ends meet with medical costs continuing to skyrocket.

At the same time, there exists in many communities an acute shortage of nursing home beds. One small town in southern Utah was in the position of having to raise a bond issue to build a county nursing home while the county hospital had half its beds empty.

It was obvious to these people that the empty hospital's beds could and should be used. Theoretically, all that was required was for the State to pay to the hospital the standard medicaid rate which it would pay to any nursing home. While the hospital would not recover its normal daily charges or such patients, it would be able to spread its overhead costs over a broader basis. Moreover, the cost of providing nursing home care are far less expensive than providing acute hospital services.

The only problem was medicare's reimbursement formula which required the allocation of the hospital's expenses proportionately throughout the facility.

The experiment in Utah is directed at arriving at an alternative reimbursement formula which would not require proportional allocation of costs to all patients. I am pleased to tell you that the program is working successfully in my home State. It allows the more efficient utilization of resources with benefit to all concerned. I hasten to emphasize, however, that I do not intend that through this formula that all nursing home care should be offered in hospitals. Only hospitals with less than 100 beds, less than 60-percent average occupancy in rural areas where there is a demonstrated shortage of nursing home beds would be allowed to participate.

I am hopeful that this proposal can be enacted in the near future to allow other States the benefits of what we have in Utah. I should add that I am particularly grateful to Commissioner Cardwell for allowing the Utah project to continue its funding into its next phase.

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

S. 1555. A bill to allow the States to use Supplementary Security Income payments plus a State supplement of not less than $100 per resident per month to provide care for residents in nonmedical shelter care facilities. Referred to the Committee on Finance.

SSI PAYMENTS TO PATIENTS IN SHELTER CARE FACILITIES

Mr. MOSS. Fourth, a bill to allow the use of supplementary security income payments plus State supplementary payments to house residents in shelter care facilities which meet certain Federal minimum standards.

Mr. President, I introduce for appropriate reference a bill to allow the States to use supplementary security income payments plus a State supplement to provide care for residents in nonmedical shelter care facilities that meet certain minimum Federal standards.

At the present time there are thousands of individuals in this Nation who need personal care, that is some kind of minimum supervision. They are not sick. They do not need medical or nursing services and consequently they cannot qualify as intermediate care patients under medicaid. Many of these patients are mentally retarded or mentally incompetent.

In recent days the lure of $146 per patient per month in supplementary security income—SSI—has fuel the discharge of thousands of patients from State hospitals or institutions for the mentally retarded into boarding homes or old hotels. The reasons are plain. It

costs the States an average of $800 per patient per month to house an individual in a State hospital while the same person can be placed in a boarding home for $146 in *Federal* money.

The sad part of this tale is that most States have no standards for boarding homes. Very often such facilities are unsafe and unclean. No staff members are required to be present or to supervise such patients. No psychiatric, restorative, or habilitative services are provided for these people.

Understandably, many patients are better off in State hospitals—as bad as they are. My bill addresses this problem by allowing Federal SSI payments to be received by individuals in shelter care facilities under certain conditions. First, and most important, the States must agree to supplement each resident's stay in a facility by at least $100 per month. Second, the State must certify that residents placed in such facilities are ambulatory, that they do not need medical care but only minimum supervision. Third, the facilities must meet all the requirements of State licensure, provide sufficient numbers of personnel to offer personal care. Fourth, they must have an administrator who assumes overall responsibility; must provide restorative or habilitative programs and comply with the residential occupancy provisions of the Life Safety Code, 23d edition, 1973. Fifth, the bill requires that only licensed personnel or those completing special courses of instruction established by the States should be allowed to distribute medications in such facilities.

Several States have requested that we introduce this bill, so I am hopeful of its early and favorable consideration.

By Mr. MOSS:

S. 1556. A bill to require physician visits to patients in skilled nursing facilities at least once every 30 days, Referred to the Committee on Finance.

B. BILLS TO CREATE NEW MINIMUM FEDERAL STANDARDS FOR NURSING HOMES PARTICIPATING IN MEDICARE AND/OR MEDICAID

MONTHLY PHYSICIAN VISITS

Mr. MOSS. I introduce the following: A bill to require physician visits to patients in skilled nursing facilities at least once every 30 days.

Mr. President, carefully documented in our third supporting paper, "Doctors in Nursing Homes: The Shunned Responsibility," is the sad fact that doctors are infrequent visitors to nursing homes. The absence of the physician from the nursing home is one of the root causes of poor patient care. Without the doctor present and without an adequate supply of nurses, care all too often is left to untrained aides and orderlies.

Earlier medicare and medicaid regulations required physicians to visit patients in skilled nursing facilities at least once every 30 days. Present regulations require monthly visits only for the first 3 months. Thereafter, it is left to the discretion of the physician, but visits must be made at least every 60 days. My bill would return to the earlier standard.

By Mr. MOSS:

S. 1557. A bill to amend Titles 18 and 19 of the Social Security Act to require Skilled Nursing Facilities to employ at least one registered professional nurse 24 hours per day, 7 days a week. Referred to the Committee on Finance.

RN COVERAGE: 24 HOURS PER DAY

Mr. MOSS. Mr. President, the present Federal requirements for registered nurse coverage for skilled nursing homes is one RN on the day shift, 8 hours per day, 7 days per week. Under this arrangement a nursing home, regardless of its size, may have registered nurse coverage for only one-third of each day. In light of the reports of poor patient care that continually appear, round-the-clock RN coverage for skilled facilities is a reasonable requirement.

By Mr. MOSS:

S. 1558. A bill to amend titles 18 and 19 of the Social Security Act to require that only licensed personel may set up or distribute medications in skilled nursing facilities. Referred to the Committee on Finance.

HANDLING OF MEDICATIONS ONLY BY LICENSED PERSONNEL

Mr. MOSS. Mr. President, in our supporting paper No. 2, "Drugs in Nursing Homes: Misuse, High Costs, and Kickbacks," my subcommittee concluded that between 20 and 40 percent of all medications in nursing homes are administered in error. The extent of drug error is, in large part, caused by allowing unlicensed—often untrained—personnel to set up and pass daily medications. When this fact is compounded with poor attention by physicians and insufficient supervision by licensed nurses, the results can be grim. Examples of overdose, excessive tranqualization, adverse drug reaction, and drug addiction have been documented. Many States permit only licensed personnel to set up and pass medications, and I think similar Federal legislation is long overdue.

By Mr. MOSS:

S. 1559. A bill to amend the Social Security Act to provide for placing responsibility for medical care provided by skilled nursing facilities under titles XVIII and XIX in a medical director. Referred to the Committee on Finance.

MEDICAL DIRECTOR—NURSE PRACTITIONER

Mr. MOSS. Mr. President, medical attention in skilled nursing homes will be greatly improved if the overall responsibility for such care is in the hands of a medcal director. We must get more direct physician care into nursing homes, and I believe this is one good way to do it.

Under this bill the medical director must be on call for all emergencies, and he must spend a minimum of 10 hours per week in the nursing home. In an attempt to provide more flexibility to this 10-hour requirement in the alternative the home may have working with the medical director a "nurse practitioner" trained in geriatrics who spend at least 20 hours per week in the home. Under the nurse practitioner option, however, the medical director would still be required to spend at least 2 hours per week in the home.

By Mr. MOSS:

S. 1560. A bill to amend titles 18 and 19 of the Social Security Act to require minimum ratios for nursing home personnel to patients and for supervisory nurses to total nurses. Referred to the Committee on Finance.

MINIMUM RATIOS FOR NURSING CARE

Mr. MOSS. Mr. President, the Department of Health, Education, and Welfare has resisted the notion of minimum ratios on the grounds that such requirements are a false benchmark and do not insure good patient care. While I agree that minimum ratios are not a guarantee, I feel there is much to be said for indicating what is minimally acceptable. Without minimum requirements, we are left with regulations that say, in effect, that one licensed practical nurse on duty in a home of 200 or 400 patients constitutes properly supervised nursing services on the afternoon and the night shift.

Several States have applied minimum ratios, and I feel similar action is warranted at the Federal level. My bill would require HEW to set up minimum ratios of nursing personnel to patients and supervisory nurses to total nurses. No less than 2.25 hours of nursing care per patient per day would be allowed in skilled facilities.

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

S. 1561. A bill to amend title 18 and title 19 of the Social Security Act to require skilled nursing facilities to provide medically related social services. Referred to the Committee on Finance.

SOCIAL SERVICES REQUIREMENT

Mr. MOSS. Mr. President, the interim report released in March 1975 by HEW entitled "Long-Term Care Facility Improvement Study," recognized the importance of having social services as a required compenent in the nursing home care. Departmental regulations may now be in effect to address this need, but I feel it is necessary to include such a requirement in the law as well. In the past, this requirement was mandatory until it was removed by Public Law 92-603. It is an important requirement and I want to insure that it remains in the law.

By Mr. MOSS:

S. 1562. A bill to require admissions contracts between nursing homes participating in Federal programs and the patients they serve. Referred to the Committee on Finance.

ADMISSION CONTRACT REQUIRED BETWEEN NURSING HOME AND PATIENT

Mr. MOSS. Mr. President, in our investigations over the past few years, our subcommittee has frequently run across documents of agreement for entering a nursing home that could only be described as "adhesion" contracts. In short, they spelled out all the rights and privileges of the facility and said nothing, or very little, about patient rights. All too often finding suitable nursing home vacancies is very difficult, and the patient

is rarely in any reasonable bargaining position.

It is the purpose of this bill to require a contract between the facility and the patient adequately covering the rights and responsibilities of both parties. Especially noteworthy is the requirement that any items not included in the basic rate charged and for which an additional charge may be made must be spelled out in the contract. Often prospective patients have been told of reasonable rates, only to find out later that many extra charges are added to the bill with no prior notice.

By Mr. MOSS:

S. 1563. A bill to amend the Social Security Act to provide for the updating of safety provisions in skilled nursing facilities. Referred to the Committee on Finance.

LIFE SAFETY CODE (23D EDITION) MADE APPLICABLE

Mr. MOSS. Mr. President, under current law nursing homes are required to be in compliance with the 21st edition of the Life Safety Code issued in 1967. Several changes have been made in that code since that time, and a number of States have recommended that the law be updated. This bill would put that recommendation into effect and bring us more up to date.

By Mr. MOSS:

S. 1564. A bill to amend titles 18 and 19 of the Social Security Act to require nursing homes to post their current license, medicare/medicaid certification, a list of owners of the facility, the names of staff, a patient's bill of rights, as well as a description of services offered by the facility and the facility's charges therefor. Referred to the Committee on Finance.

REQUIRED POSTING OF PERTINENT INFORMATION

Mr. MOSS. Mr. President, one of the many complaints that we have heard consistently over the years decries the lack of information available to the prospective patient and his or her family about nursing homes they may be considering. In an effort to make some of that basic information available, this bill would require each participating home to post for view several items including their State license and their medicare/medicaid certification. Also required for posting would be a description of the complaint procedures established under State law, a list provided by the Health Department of materials available for inspection and copying, a copy of any notice issued for a hearing, order or decision of the Health Department pertaining to the home, and a copy of the patient's bill of rights as published in the Federal Register.

By Mr. MOSS:

S. 1565. A bill to require the immediate reporting of epidemic diseases or accidents in nursing homes participating in Federal programs. Referred to the Committee on Finance.

REPORT OF EPIDEMIC DISEASE

Mr. MOSS. Mr. President, hearings before our subcommittee in 1970 included testimony from the U.S. Surgeon General and the Communicable Disease Center that less than 1 percent of all infectious diseases are ever reported in the United States. The hearings grew out of a Salmonella epidemic in a Baltimore nursing home where 36 patients died. Over 40 physicians were involved with patients in the home, and not one reported the disease to the State.

This bill would require each participating home to have in effect procedures for reporting not only epidemic diseases, but also, important changes in patient condition.

By Mr. MOSS:

S. 1566. A bill to amend title 19 of the Social Security Act to require State inspection of public and private skilled nursing and intermediate care facilities at least once every 90 days and to require State enforcement of the rights of patients in such facilities. Referred to the Committee on Finance.

C. BILLS TO IMPROVE NURSING HOME INSPECTION, ENFORCEMENT, AND AUDITING PROCEDURES

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to require State inspection of public and private nursing homes at least once every 90 days. This bill originates with the distinguished Representative from the State of Rhode Island (Mr. BEARD). Prior to his election, Congressman BEARD was very instrumental in bringing about the reform of the Rhode Island inspection and enforcement procedures. He now offers the successful reforms from his State as a model to the Nation.

His bill does address a major finding of our report which is that inspections are infrequent. For example, the Lieutenant Governor of Wisconsin. Martin J. Schreiber, recently issued a report indicating that many nursing homes in his State go a full year or more without inspection. Moreover, of 12 States surveyed in Minnesota by HEW in their test for conformity with Federal standards, the last date of inspection could not be found in seven homes, and fire safety inspections in four homes were 1 to 4 years old.

This bill also includes a patient's bill of rights and requires its enforcement. Congressman WILLIAM S. COHEN of Maine, Senator CHARLES PERCY, and others have advanced this worthwhile idea. I have cosponsored Senator PERCY's bill. As a result of all these efforts, HEW on October 3, 1974, issued a patients bill of rights in its regulations. Despite this action, I agree with Congressman BEARD that it is necessary to write the patient's bill of rights into law.

There is one more provision worthy of note in by version of this bill. My version would require the Secretary of Health, Education, and Welfare to reinstate the specific protections and factors inherent in the medicare regulations for skilled nursing facilities prior to January 17, 1974. Our report contains many pages of discussion of how HEW inexplicably weakened these standards when the intent of Congress was simply the opposite. In short, my bill would require the medicaid standards in existence prior to January 1974 to be reinstated with respect to skilled nursing facilities participating in both medicare and medicaid.

As our report notes, the existing regulations are so vague as to virtually defy enforcement. My bill would restore the missing specifics HEW eliminated last year in the name of "providing flexibility" or "removing some of the excess verbiage."

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

S. 1567. A bill to require that State plan under title 19 are ratified by both the State's legislative and executive branch before being presented to the Secretary for his approval; to require that such plans be posted and available to the public; to require the Secretary to annually review a State's compliance with such plan and to publish performance ratings for the States and creating a cause of action allowing title 19 recipients individually or as a class to bring suit against a State for specific performance when a State fails to comply with the provisions of its plan. Referred to the Committee on Finance.

ENFORCEMENT OF STATE PLANS

Mr. MOSS. Mr. President, I introduce for appropriate reference, a bill to insure that States live up to their agreement with the Federal Government as set forth in their State plans.

The Federal Government requires the States to submit to the Secretary a State plan detailing the services which they promise to provide to the needy aged, blind and disabled. Such a plan must be submitted and approved as a precondition of a State's participation in the title 19. medicaid program.

The State plan is essentially a contract in which the Federal Government agrees to pay from 50 to 83 percent of the cost of providing services to certain categories of people if—the State agrees to first, provide six essential services—hospital care, nursing home care, home health care, mental health, X-ray and lab, and physician's services, second, pay the remaining 17 to 50 percent of the cost depending on the size and average individual income in the State, and third, to spell out in detail what services are to be provided to which beneficiaries for how long.

The problem is that the public rarely knows about the existence of a State plan or of its provisions. This is true even though the State plan sets forth the benefits to which individual citizens in various States are entitled. Logically, therefore, it is impossible for the general public to know if the State plan is being followed, that is—are the promised services being delivered.

In these times of economic hardship, there is a tendency at both the State and Federal level to cut many programs. There is also a specific tendency on the part of HEW to overlook the fact that a State might not be living up to its State plan. The reason for this is that if States do not provide services, the matching Federal moneys—which ordinarily would have to be paid—are saved.

My bill makes several changes. Essentially, it upgraded the importance of the

e plan. It would require that the be ratified by both the State's utive and legislative branch. It ld require that this plan be posted made available to the general pub- The Secretary of Health, Education, Welfare would be required annually sses the degree of each State's com- nce with and the administration of state plan. The Secretary would also equired to publish performance rat- to indicate which States are living to their agreement and which are If the Secretary finds after reason- notice and opportunity for a hear- that the State agency administer- the plan has changed the plan so it longer complies with the require- ts of the Medicaid Act, or that the e has failed to comply with any pro- ns of its plan, he is authorized to hold funds for such State—or for ific expenditures under the State —until he is satisfied that correc- s have been made.

ut my bill makes one more change. ill allow title 19 recipients individ- y, or as a class, to bring suit for spe- performance in any Federal dis- court against any State which sub- tially fails to comply with the pro- ns of its State plan. I believe the tion of this provision provides an ortant, new, and a direct remedy for viduals most affected by the actions he State. I would point out further my bill would specifically allow class ons in Federal district court with- reference to the $10,000 jurisdiction- mount. It is likely that such a suit ld involve a significant Federal ques- and would, therefore, quickly be sidered by the courts.

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

S. 1568. A bill to require HEW to es- ish a rating system for nursing homes icipating in Federal programs as a e to consumers. Referred to the Com- ee on Finance.

ATING SYSTEMS FOR NURSING HOMES

r. MOSS. Mr. President, I introduce appropriate reference a bill to re- e the Secretary of Health, Education, Welfare to establish rating systems nursing homes participating in Fed- programs.

ur first supporting paper makes the t that nursing home care is a "blind ." Essentially this means that you r know from looking at the facility t kind of care you or a loved one will receiving there. Unfortunately, there ttle that consumers can do to aid nselves in selecting a good facility. after day my office gets calls asking o recommend good homes in various s of the Nation.

some cases, consumers have been ed, taking a nursing home's certifica- for participation in medicare as a of "Good Housekeeping Seal of Ap- al". It is far from that, and it never intended for that purpose. Despite fact, many nursing homes use the ase "approved by medicare" or a hora of framed certificates in their r as evidence of the quality of care they provide. Some such honors and certificates, are of coure legitimate, but many are not.

The consumer needs some guidance in this area. I have felt for a long time that senior citizens clubs in each part of the United States should simply keep files on the various nursing homes. In a short period of time they would have their own referral service. Having encouraged this idea for many years, I regret that it has not taken root the way I hoped it would. I am now convinced that with the increasing role of Government in health in the future, that ratings for nursing homes should originate with the people best in a position to know the conditions of and the care given in various long-term-care facilities. These people are, of course, the State surveyors and the employees in HEW's Office of Nursing Home Affairs, Bureau of Standards Enforcement. But my bill does not tie the Secretary's hands. It simply says that he shall establish rating systems for nursing homes participating in Federal programs. I know that former Under Secretary Frank Carlucci and others in HEW have and continue to endorse this proposal.

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

S. 1569. A bill to amend title 19 of the Social Security Act to require States to establish ombudsman programs to investigate nursing home complaints and represent consumer interests. Referred to the Committee on Finance.

STATE OMBUDSMAN PROGRAMS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to require the States to establish ombudsman programs to investigate nursing home complaints as a precondition of their continuing to receive 100 percent Federal funding for the cost of making State inspections.

In June 1972, HEW funded several ombudsman units for purposes of investigating nursing home complaints. Nine of these projects are funded by HEW at the present time. Responsibility for them is vested in the Administration on Aging. These units were funded as experiments to learn if they would help improve the quality of nursing home care. The units were located in various agencies within State government and in one case completely independent of State government.

Our report recommends that every State institute an ombudsman program. It spells out that such programs can be very useful if first, they have some degree of independence from the State health department; second, they are permanent and; third, they have power to influence the State in its inspection and licensing procedures.

The State ombudsman programs have been a success. Drawing on this success, I have proposed that every State be required to institute such a program as a precondition of continuing to receive the 100-percent Federal funding of the cost of State inspections. My bill requires that State ombudsman programs be located within the State department of justice, or at least that they not be located in any State agency which has responsibility for health. Such a unit must have the cooperation of all other agencies of State government. Under my bill it would be empowered to, first, hold hearings; second, investigate nursing home complaints; third, enter a nursing home without prior notice; fourth, recommend disciplinary action against a home including license revocation; and, fifth, file an annual report to the Governor and the legislature with recommendations for action.

I am sure it is only a matter of time before this proposal is enacted. I believe that it is worthwhile and will quickly result in the improvement of the quality of nursing home care.

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

S. 1570. A bill to amend the Social Security Act to provide for the establishment of an Inspector General for Health Administration. Referred to the Committee on Finance.

INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to establish the Office of Inspector General for Health Administration in the Department of Health, Education, and Welfare.

I cannot claim that my bill to create this office is original. I believe it was first proposed by Senator WILLIAM ROTH from Delaware. In any event, I am convinced of the need for this office, particularly after conducting our recent series of hearings in New York City.

During those hearings we heard testimony concerning widescale fraud in efforts to maximize payments and reimbursement from the Federal and State government. We heard of "no show" employees being added to the nursing home's roster for purposes of claiming more money from the State. We learned of the widespread misuse of patients' accounts and personal expense funds in violation of the fiduciary duty a nursing home owes its patients. We heard of the use of identity-of-interest vendors for purposes of maximizing reimbursement. We discovered widespread evidence of kickbacks from such vendors and suppliers as a precondition of receiving a nursing home account.

Another area which is particularly subject to fraud is drugs and pharmaceuticals supplied to patients. The former welfare inspector general of the State of New York stated that, in his judgment, 30 percent of the drugs paid for by New York's medicaid program were either fraudulent or nonexistent. Our own studies indicate much the same thing. We learned of kickbacks in the form of cash, long-term credit arrangements, gifts of trading stamps, color television sets, cars, boats, and prepaid vacations. Over 60 percent of the 4,400 pharmacists in our study indicated that they first, had been approached for a kickback or second, had a positive belief that they were widespread.

Our report provides still other examples of charging families "under the cover payments" as a precondition of accepting a medicaid patient. In other

cases families were billed extra charges over and beyond the medicaid payment. In other cases, patients have signed away their life savings or their home to a facility sometimes in return for a life care contract.

These and other abuses have been documented by the U.S. General Accounting Office. Their current investigation in the State of Illinois has produced many startling disclosures which are proper endorsements for the provisions of my bill.

The Inspector General created by my bill would not be under the supervision of any officer in the Department of Health, Education, and Welfare. He would essentially be a congressional "watchdog" located in that agency. He would conduct continuous evaluation and review of Government programs.

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

S. 1571. A bill to amend title XVII and XIX of the Social Security Act making unlawful the offer or receipt of consideration for the referral of patients, clients, or customers. Referred to the Committee on Finance.

FEES FOR REFERRING MEDICARE OR MEDICAID PAYMENTS UNLAWFUL

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to make unlawful the acceptance of money or other consideration for the referral of medicare or medicaid patients.

This bill is aimed at stopping some fairly common abuses. The first relates to the hospital social worker or the Department of Mental Hygiene official responsible for discharging patients from the State hospital into nursing homes, boarding homes, and other community based facilities. It is a fairly common practice for these individuals to be offered money or other consideration for placing patients in a particular facility.

Testimony during our hearings indicated that the "going rate" for such referrals was $100 per head. While this is a shameful and unethical practice, it has been illegal in only a few States. My bill would make the practice illegal in every State.

But the bill addresses an even more nefarious practice which is loosely termed "the selling of patients". This is commonly practiced by nursing homes going out of business or in some cases when they want to reduce their quota of medicaid patients. The unwanted patients are "sold", that is to say, transferred to other facilities in return for certain consideration which can be anywhere from $100 to $1,000 and up. My bill would make this practice illegal and punishable by 1 year in jail, a $10,000 fine, or both.

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

S. 1572. A bill to amend title 18 and 19 of the Social Security Act to require strict controls for the handling of patients' accounts, personal expense moneys and valuables. Referred to the Committee on Finance.

CONTROLS FOR PATIENTS' ACCOUNTS AND PERSONAL EXPENSE MONEYS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to provide strict new controls for the handling of patients' funds.

One of the most common abuses we have encountered in our investigation is the misuse of patients' accounts or personal expense funds. I am referring primarily to the $25 a month—amounts vary in each State—given to medicaid patients by the States for their personal expenses. Supplementary Security Income is another source of such payments. While SSI cannot be received by patients in State institutions, it will pay $25 per eligible SSI beneficiary housed in a nursing home. The fund again, is to be used for personal expenses.

Such funds are supposedly held in trust for the patients, but all too often the money is not even maintained in a separate account by the administrator. There is a great temptation to use this money as operating capital.

A particular problem is created in the case of the frail elderly who do not have the health or strength to walk to the administrator's office to demand their personal expense money.

In some cases, the patients do not ever see the checks which the facility receives. Endorsement is an "X" made on the back of the check by an administrator or someone else in authority.

In some cases, the facilities have used this money to buy clothes and items which the residents need. But all too often this has not been the case.

The purpose of my bill is to provide very detailed controls for the handling of such moneys. It requires that full records and vouchers be kept. It requires that there be no comingling of such funds and that the money and other valuables of patients be returned to them when they are discharged or turned over to the person responsible for the patient in the event of the patient's death at the facility.

By Mr. MOSS:

S. 1573. A bill to make unlawful the solicitation or acceptance of any gift, money, or consideration over and above the rates established by the States and to make unlawful the solicitation or acceptance of any gift, money, or donation as a precondition of admitting a patient to a long-term care facility. Referred to the Committee on Finance.

REQUIRING FAMILIES TO MAKE A "DONATION" AS A PRECONDITION OF ACCEPTING MEDICAID PATIENTS IN NURSING HOMES MADE ILLEGAL

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to make illegal the practice of requiring families to supplement the care of medicaid patients.

Our studies indicate that one of the most common abuses presently practiced by some nursing homes is charging families a fee or requiring them to make a "donation as a precondition of their being accepted" in the facility. This happens whether the patient is a medicaid patient or even if he pays his own way.

In Jacksonville, Fla., one operator required the children of a patient to sign a contract conditionally accepting their mother as a patient provided they pay a $8,500 gift to the nursing home in addition to the $900 per month for her care. If the family decided against placing the mother in the facility, the contract called for them to forfeit $1,000 as a pledge to the nursing home.

In other cases operators have required families to pay them money to take their parent in as a medicaid patient. Sometimes these "under-the-table payments" continue in supplementation of the amount paid by the State through medicaid. Nursing home operators rationalize that medicaid rates set by the State are too low.

Sometimes they tell the families that "you only get what you pay for"—implying that medicaid patients receive only minimal care. Indeed, testimony before our subcommittee indicated that there are three classes of care in some homes: Private paying customer, medicare patients, and medicaid patients. Reportedly, there were three types of meals and three kinds of care with medicaid patients receiving very poor meals or services.

The purpose of this bill is to end this unwholesome practice. It would require that anyone who charges, solicits, accepts, or receives any money, gift, or consideration over and above the rates established by the States or charges, solicits, accepts, or receives any gift, money, donation, or consideration as a precondition of admitting a patient to a long-term care facility shall be guilty of a misdemeanor punishable by a $10,000 fine, a year in jail, or both.

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

S. 1574. A bill to amend title 19 of the Social Security Act to make certain requirements with respect to long-term care facility personnel compensated with Federal funds who are responsible for determining whether such institutions comply with health and safety standards required under such act. Referred to the Committee on Finance.

MINIMUM QUALIFICATIONS FOR SURVEYORS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to require minimum qualifications for surveyors who inspect nursing homes participating in Federal programs.

Through the years, my subcommittee has received numerous complaints about the uneven quality of State inspections and the varying qualifications of State inspectors. HEW has recently recognized the importance of providing State inspectors with minimum training. This training helps the State surveyors who also do the inspections for medicare and medicaid to become familiar with Federal standards. This means that there is more uniform and even enforcement of the Federal standards throughout the United States.

However, this training program has been on a small scale, and it is only 4 weeks long. I would add that more often

than not this 4-week basic surveyors course is the only formal training received by the surveyors.

My subcommittee recently completed a study of the qualifications and training of State inspectors in 10 States: Maryland, Georgia, Michigan, Indiana, New Mexico, Texas, Iowa, Missouri, California, and Washington. We learned that 14 percent of the 400 inspectors had no formal training and 55 percent had completed only the basic, 4-week course. Only 11 percent had completed an advanced course of any kind. With respect to experience, 24 percent had served less than 1 year; 34 percent 1 to 3 years; and 43 percent served over 3 years.

These results along with some of the complaints that we have received provide ample justification for my bill which would require that inspectors complete minimum training courses established by the Secretary and have additional qualifications as established by the Secretary.

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

S. 1575. A bill to amend the Social Security Act to require that payment forms submitted from nursing homes contain warnings with regard to penalties imposed under sections 1877 and 1909. Referred to the Committee on Finance.

LISTING PENALTIES ON PAYMENT FORMS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to require that payment forms submitted by nursing homes contain warnings with respect to the penalties imposed under sections 1877 and 1909 of the Social Security Act. The intent and purpose of this bill is obvious. I believe that placing these warnings on the payment forms may well serve to deter many providers from making misrepresentations or otherwise attempting to overcharge or defraud the Government.

By Mr. MOSS:

S. 1576. A bill to continue 100 percent Federal financing of the State costs in inspecting nursing homes and to assist the States new enforcement tools such as a citation system and protective custodianship and other alternatives to license revocation. Referred to the Committee on Finance.

REQUIRING NEW ENFORCEMENT TOOLS AS AN ALTERNATIVE TO LICENSE REVOCATION

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to continue the present 100 percent Federal funding of the cost of State inspections and allow such moneys to be used for the development of new enforcement tools.

This bill addresses one of the primary problems with the inspection and enforcement system. Many States are reluctant to enforce standards against nursing homes because they have only one weapon: license revocation. Revocation is, in many ways, an impractical tool. This is true because the courts have consistently viewed a nursing home license as a property right. Consequently, the license cannot be revoked without giving the provider the full protections of the due process clause of the Constitution. This is as it should be. However, there should also be some intermediate steps which the States can take prior to instituting lengthy proceedings to close a home.

Some States such as Wisconsin, Minnesota, and California have attempted to provide such new disciplinary options. New options may include prohibiting the placement of further medicaid patients in the facility, authority to transfer medicaid patients presently in the facility, a system of fines and penalties, a citation system, and measures for self-inspection and evaluation. These new disciplinary measures all underscore the premise that closing a nursing home should be an action of last resort; it should be pursued only after all reasonable efforts to bring a home into compliance have been exhausted.

One term needs further development and that is the term "protective custodianship." Essentially, this term incorporates the lessons of bankruptcy law where the appointment of a receiver is a common practice to help a corporation out of its financial troubles. These and other techniques should be used by the States as an alternative to revocation. My bill would help the States to establish such new techniques.

By Mr. MOSS (for himself and Mr. PERCY).

S. 1577. A bill to provide 100 percent Federal funding of financial audits of facilities participating in medicare and medicaid conducted by State personnel. Referred to the Committee on Finance.

ONE HUNDRED PERCENT FEDERAL FUNDING FOR AUDITS CONDUCTED BY THE STATES

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to provide 100 percent funding of the cost of audits of nursing homes conducted by the States. This bill is another result of our hearings and reports. The evidence we received indicated that audits were few and far between. Maryland audited only two facilities in its medicaid program during an entire 3-year program. The State of New York had, until recently, only 16 auditors for all its health care facilities. Some States have no auditors who look at nursing home financial statements.

Public Law 92-603 required all the States to have "cost-related" reimbursement by July 1976, and it is likely that most States will comply. As the General Accounting Office noted, audits are particularly important in States with cost-related formulas for paying nursing homes. My bill would help the State hire additional auditors and pay for the auditing of the costs and financial statements of nursing homes participating in Federal programs.

Our recent hearings in New York suggest to us that this proposal is very urgent. Unless it is enacted soon, other States may face the prospect of nursing homes whose books do not balance, with unexplained lapses and millions of dollars missing.

By Mr. MOSS:

S. 1578. A bill to amend the Social Security Act to provide for a system of inspections of State inspection and enforcement mechanisms with regard to facilities receiving payments under titles XVIII and XIX. Referred to the Committee on Finance.

A CADRE OF FEDERAL INSPECTORS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to create a cadre of Federal inspectors to test the quality of State inspection.

Our recent report emphasized that one of the central reasons why the inspection and enforcement system does not work is the exclusive reliance on State inspection. Under Secretary John Veneman told my subcommittee that exclusive reliance upon the States had led to "widespread nonenforcement of standards."

Our report, therefore, recommends that HEW take a more aggressive role in the enforcement of standards instead of relying exclusively on the States to do the job. At the same time, the report does not recommend nor do I advocate exclusive Federal control.

I believe this authority should continue to rest with the States and that the States should have the primary responsibility for the inspection and enforcement of nursing home standards. However, it is evident to me that a cadre of 50 Federal inspectors is necessary in order to make spot checks and test the quality of State inspection. This is precisely what my bill is designed to accomplish. Since the Federal Government pays almost 50 percent of the Nation's nursing home bill, I believe we are entitled to know first hand the degree of State compliance with its State plan and the degree to which Federal standards are being enforced.

I hope this bill can be enacted in the near future.

By Mr. MOSS:

S. 1579. A bill to authorize medicare or medicaid patients individually or as a class to bring suit for specific performance in Federal district court against a long-term care facility which is in violation of its provider agreement. Referred to the Committee on Finance.

ALLOWING PATIENTS TO BRING SUIT AGAINST A NURSING HOME

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to allow nursing home patients to bring suit against nursing home operators for specific performance of their provider agreements.

A provider agreement is, in essence, a contract between the facility and the State, and through the State, to the Federal Government. The facility agrees that it will provide services and comply with standards. The Government agrees to pay for such services but only if the required standards and conditions are met.

At the present time, HEW and the States may terminate a provider from participating in Federal medicare and medicaid programs because the nursing home failed to live up to the terms of its

provider agreement. In practice this procedure has been rarely invoked by HEW. There are many who argue that it is an effective enforcement tool and that it should be used more often.

I believe that this approach can be even more effective if it is put into the hands of the private consumer. Accordingly, my bill will allow any medicare or medicaid beneficiary to bring a suit for specific performance in any Federal district court against any facility in breach of its provider agreement. Such suits may be brought without regard to the $10,000 jurisdictional amount and may be brought in the name of an individual or in the name of a class of beneficiaries. I believe the enactment of this proposal would bring a new dimension of standards enforcement with respect to nursing homes: the clement of direct patient accountability. I believe this is most desirable and I urge the proposal's enactment.

By Mr. MOSS:

S. 1580. A bill to authorize the States to incorporate financial incentives for good care within the context of their cost-related reimbursement formulas effective July 1, 1976. Referred to the Committee on Finance.

D. BILLS INTENDED TO PROVIDE ACCOUNTABILITY AND FINANCIAL INCENTIVES IN FAVOR OF GOOD CARE IN NURSING HOME REIMBURSEMENT

INCENTIVES FOR GOOD CARE

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to allow the States to provide financial incentives in favor of good care as a component in their cost-related reimbursement formulas.

I believe that this is an important bill because it emphasizes the fact that very few of the existing reimbursement formulas for nursing homes contain any relationship between the dollars paid by the State and the quality of care. I believe that as long as we rely upon forprofit nursing homes, we should make an effort to line up the financial incentives so that the emphasis is toward good care.

In short this means the better the nursing home and the better the care, the higher the rate of reimbursement. I know that Dr. Paul Denson of Harvard University has been working on an incentive reimbursement formula at the request of HEW. Connecticut has a formula which provides some incentive for good care. I hope that upon the enactment of my bill, HEW and the States will develop and apply formulas which encourage good care. One has only to open the pages of our recent reports to know that the opposite is true at the present time.

By Mr. MOSS:

S. 1581. A bill to amend the Social Security Act to improve the survey and certification process, rate-setting and fiscal audit methods, and general regulation of nursing homes and intermediate care facilities under the medicaid program, and to provide for medical, psychological, and social assessment of long-term care patients under both the medicare and medicaid programs. Referred to the Committee on Finance.

PRUDENT BUYER CONCEPT ADDED TO COST-RELATED REIMBURSEMENT FORMULA, INCREASED FEDERAL RESPONSIBILITY FOR INSPECTION AND ENFORCEMENT

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to require audited prospective cost-related reimbursement for nursing homes, pegged to what a prudent buyer would spend for such services, and for other purposes. This bill originates with my good friend, the distinguished Congressman from New York, Mr. KOCH. More specifically this bill provides the following:

First. It increases Federal responsibility for the certification of skilled nursing facilities under the medicaid program. It does this by making the two programs consistent. In the present system the States survey facilities under both programs using a unified set of regulations. However, under medicaid, the State, on its own, certifies a nursing home as eligible to participate in the medicaid program. Under medicare, the State makes the initial determination but the final certification is done by HEW. This bill would require that the States would inspect and recommend certification, but that actual certification would come from HEW under both programs;

Second. It clarifies conditions under which State health departments may terminate reimbursement to facilities in violation of standards or their provider agreement;

Third. It allows the States to use existing medical reviews for the purposes of assessing the number of individuals in nursing homes who are misplaced and possibly receiving services in excess of their needs, and to determine the total reimbursement made for services found to be inadequate and unnecessary and requires a full refund of such excessive payments;

Fourth. It requires nursing homes participating in Federal programs to post a bond "adequate as to anticipate any and all claims for overpayment to such facility which are likely to arise;"

Fifth. It requires that nursing homes be reimbursed through prospective cost-based formulas in which audited costs for providing care are updated; provided, however, that costs allowed do not exceed what a prudent buyer would pay for the same goods and services;

Sixth. It requires the disclosure of the owner of land and buildings in which and on which the nursing home is housed; the names of all persons affiliated in any way; and requires that providers provide full information on any change in ownership of such facilities or corporations;

Seventh. It requires the disclosure of the names, addresses, and the extent of interest any nursing home owner may have in businesses—including corporations—providing goods and/or services to any nursing home in the United States;

Eighth. It limits reimbursements to nursing home suppliers. When goods and services are provided to a nursing home in which there is a 10 percent or more identity of interest—the same parties own both entities—the operator of the nursing home shall be allowed only the actual cost of such goods and service to such vendor with no allowance for profit or other consideration;

Ninth. It allows the Secretary to require item by item identification of the components in a nursing home's proposed budget when there is evidence the facility provided unnecessary, over costly or inadequate care; and

Tenth. It broadens the scope of medicare's and medicaid's nursing home services, requiring the medical, psychological and social assessment of the needs of patients.

I believe this is an excellent bill. It takes dead aim at some of the abuses we discovered in New York. I am thinking in particular about the use of identity of interest vendors for purposes of inflating reimbursement received from medicaid. The incorporation of the "prudent buyer" concept will do much to keep allowable costs within reasonable limits. Its provisions for requiring operators to identify their costs on an item by item basis will help prevent padding. The requirement that facilities post a bond will aid the recoupment of overpayments and moneys owned by the facility to the State.

Congressman KOCH is to be complimented for bringing this bill forward for hearings, discussion and debate. I hope its valuable provisions can be enacted at an early date.

By Mr. MOSS:

S. 1582. A bill to amend title VI of the Public Health Service Act to provide for the making of direct loans for the construction and rehabilitation of nursing homes owned and operated by churches and other nonprofit organizations. Referred to the Committee on Labor and Public Welfare.

E. BILLS TO HELP NURSING HOME UPGRADE

LOAN FOR CONSTRUCTION AND REMODELING OF NONPROFIT HOMES

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to aid in the construction and rehabilitation of nursing homes owned by churches or other nonprofit agencies.

There is an acute need for nursing home beds in many parts of the United States. Many nonprofit organizations and church groups would like to be able to provide such facilities but lack the funds to do so. Since such facilities are often among the best the United States has to offer, I am introducing this bill to help them construct new facilities and to repair old ones.

The bill provides long-term loans up to 100 percent of project cost directly from the Government. The sponsor will pay 4 percent interest or the Government's rate for borrowing money whichever is lower.

I anticipate the early passage of this bill.

By Mr. MOSS:

S. 1583. A bill to authorize the Secretary of HEW to provide grants, for the planning, development, construction, and rehabilitation of nursing homes in

black and minority communities. Referred to the Committee on Labor and Public Welfare.

ASSISTANCE TO NURSING HOMES IN MINORITY AREAS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to authorize grants for the planning, construction, development, and rehabilitation of nursing homes in black and minority communities.

This bill is an effort to help provide some nursing homes in black and minority communities. Our hearings indicate that such facilities are urgently needed. They established that there are comparatively few members of minority groups in nursing homes—4 percent of the 1 million patients in U.S. nursing homes—for many reasons, but perhaps most important, because of the shortage of facilities near their homes.

All too often the existing facilities which serve minority groups are surviving on a shoestring. More often than not they are in violation of various structural standards because they defer such expenses in favor of continuing to provide good quality patient care. Nevertheless, such structural deficiencies are often used to force minority owned homes out of existence. There is a singular lack of any Government programs to help these nursing homes to upgrade.

My bill attempts to close this gap. It will provide grants from the Department of Health, Education, and Welfare for planning and development as well as for the construction of new facilities and the rehabilitation of old ones. Anyone who has studied long-term care for any length of time will readily understand the importance of this bill. I urge its enactment.

By Mr. MOSS:

S. 1584. A bill to authorize interest subsidy payments to assist nursing homes in repair and renovation in order to comply with Federal standards. Referred to the Committee on Banking, Housing and Urban Affairs.

EMERGENCY ASSISTANCE FOR NURSING HOMES

Mr. MOSS. Mr. President, I introduce for appropriate reference the Emergency Nursing Home Assistance Act of 1975.

This bill is offered in recognition that new Federal standards have made it very difficult for some facilities to continue to qualify for and participate in Government programs. I am thinking particularly about the provisions of the Life Safety Code as enforced by the States and HEW.

My bill will allow the Secretary of Housing and Urban Development to subsidize the interest on loans for the repair and renovation of nursing homes. As in other programs of this type the Secretary may subsidize interest down to 1 percent on the loan. In other words, the sponsor may pay only principal and 1 percent interest on his loan as the Secretary establishes.

I would emphasize that these generous loans are available only to certain nursing homes. The Secretary of HEW will have to certify that the facility applying for a loan is more than substantially in compliance with all other State and Federal standards except for those physical and other deficiencies which the sponsor seeks to correct through the loan.

There are many fine nursing homes in the United States who could readily meet this test and it is my intention to help them to continue to participate in Government programs.

By Mr. MOSS:

S. 1585. A bill to amend title VII of the Public Health Service Act to provide for the making of grants to appropriate colleges and universities to assist them in establishing graduate programs for nurses in geriatrics and gerontology. Referred to the Committee on Labor and Public Welfare.

F. BILLS TO PROVIDE TRAINING IN GERIATRICS AND THE NEEDS OF NURSING HOME PATIENTS FOR PHYSICIANS, NURSES, AIDES AND ORDERLIES

PROGRAMS IN GERIATRICS AND GERONTOLOGY FOR NURSES

Mr. MOSS. On April 24, 1975, our subcommittee released its Supporting Paper No. 4, "Nurses in Nursing Homes: The Heavy Burden (The Reliance on Untrained and Unlicensed Personnel)". As part of that paper, we included an excellent report submitted to the subcommittee by the American Nurses' Association. Their report was entitled "Nursing and Long-Term Care: Toward Quality Care for the Aging," and it included as a recommendation that preparation in gerontological nursing be made available on a larger scale than is available today. This bill is intended to implement that recommendation. Attracting good nurses to nursing homes and keeping them there is difficult. With more emphasis on the aging in schools of nursing and elsewhere, it is hoped that more nurses will enter this special field.

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

S.J. Res. 75. A joint resolution to provide that it be the sense of Congress that a White House Conference on Long-Term Care be called by the President of the United States in 1976, to be planned and conducted by the Secretary of Health, Education, and Welfare. Referred to the Committee on Labor and Public Welfare.

G. MISCELLANEOUS

1976 WHITE HOUSE CONFERENCE ON LONG-TERM CARE

Mr. MOSS. We are soon reaching the halfway point between the last White House Conference on Aging in 1971 and the next one. Many valuable pieces of legislation have been put into effect as a direct result of the recommendations of the 1971 Conference which served as a focal point for all the important directions and needs of older persons. The intense publicity and interest today in the problems facing the infirm elderly warrants such a conference. Nursing home problems and alternatives to institutionalization have become one of the major issues facing older Americans. The recent exposure of the issues involved in nursing home care and home health care have brought the needs of the infirm elderly out into the open.

The United States clearly needs a comprehensive policy on long-term care for its elderly citizens, and I feel that a White House conference on this subject would make possible the development of this policy.

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

S. 1586. A bill to amend the National Labor Relations Act to make it an unfair labor practice to discharge an employee because he testifies before any committee of the Congress, and for other purposes. Referred to the Committee on Labor and Public Welfare.

PROTECTION TO EMPLOYEES WHO TESTIFY

Mr. MOSS. Among the most valuable testimony received by our subcommittee in its investigation of nursing home abuses has been the courageous description of mistreatment provided by nurses, aides, orderlies, and other employees of long-term care facilities.

Unfortunately, for some of these witnesses, they have found themselves discharged from employment as a result of their cooperation with our committee.

In an effort to give these employees more protection, and, hopefully, to encourage more to come forward, this bill would make it an unfair labor practice for a home to fire an employee for testifying before any congressional committee.

Mr. President I ask unanimous consent that the text of the bills be printed, following my remarks.

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

S. 1552

A bill to amend title XVIII of the Social Security Act to authorize the provision of intermediate care services under medicare, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That (a) (1) section 1812 (a) (2) of the Social Security Act is amended by striking out "post-hospital extended care services" and inserting in lieu thereof "intermediate care services or extended care services".

(2) Section 1812(b) (2) of such Act is amended by striking out "post-hospital extended care services" and inserting in lieu thereof "intermediate care services or extended care services".

(3) Section 1812(e) of such Act is amended by striking out "post-hospital extended care services" and inserting in lieu thereof "intermediate care services, extended care services".

(b) Section 1813(a)(3) of such Act is amended by striking out "post-hospital extended care services" and inserting in lieu thereof "intermediate care services or extended care services".

(c)(1)(A) Section 1814 (a)(2)(C) of such Act is amended to read as follows:

"(C) in the case of extended care services such services are or were required to be given because the individual needs or needed on a daily basis skilled nursing care (provided directly by or requiring the supervision of skilled nursing personnel) or other skilled rehabilitation services, which as a practical matter can only be provided in a skilled nursing facility on an inpatient basis, for a particular health conditions including any condition with respect to which he was receiving inpatient hospital services (or services which

would constitute inpatient hospital services if the institution met the requirements of paragraphs (6) and (9) of section 1861(e)) prior to transfer to the skilled nursing facility or for a condition requiring such extended care services which arose after such transfer and while he was still in the facility for treatment of the condition or conditions for which he was receiving such inpatient hospital services;".

(B) Section 1814(a)(2) of such Act is further amended—

(i) by striking out "or" at the end of subparagraph (D);

(ii) by inserting "or" at the end of subparagraph (E); and

(iii) by adding after subparagraph (E) the following new subparagraph:

"(F) in the case of intermediate care services, such services are or were required because of the health condition of the individual;".

(2) Section 1814(a)(6) of such Act is amended—

(A) by striking out "post-hospital extended care services" and inserting in lieu thereof "intermediate care services or extended care services"; and

(B) by striking out "hospital or skilled nursing facility" and inserting in lieu thereof "hospital, intermediate care facility, or skilled nursing facility".

(3) Section 1814(a)(7) of such Act is amended—

(A) by striking out wherever they appear, the words "services or post-hospital" and "services or further post-hospital" and inserting in lieu thereof, the words "services, intermediate care services, or" and "services, further intermediate care services, or further", respectively; and

(B) by striking out "hospital or skilled nursing facility" and inserting in lieu thereof "hospital, intermediate care facility, or skilled nursing facility".

(d)(1) Section 1814(h) of such Act is amended by striking out "Posthospital" in the caption of such subsection.

(2) Section 1814(h)(1) of such Act is amended by striking out "post-hospital extended care services" and inserting in lieu therof "intermediate care services or extended care services".

(e) Section 1816(a)(1) of such Act is amended by inserting "intermediate care facilities," after "extended care facilities,".

SEC. 2. Section 1861 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"Intermediate Care Facility

"(aa) The term 'intermediate care facility' means (except for the purposes of subsection (a)(2)) an institution (or a distinct part of a hospital or skilled nursing facility) which has in effect a transfer agreement (meeting the requirements of subsection (l) with one or more hospitals having agreements under section 1866 and which—

"(1) provides, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing facility is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities;

"(2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of the care and services described in paragraph (1);

"(3) has in effect a utilization review plan which meets the requirements of subsection (k);

"(4) in the case of an institution in any State in which State or applicable local law provides for the licensing of institutions of this nature, (A) is licensed pursuant to such law, or (B) is approved, by the agency of such State or locality responsible for licensing institutions of this nature, as meeting the standards established for such licensing;

"(5) has in effect an overall plan and budget that meets the requirements of subsection (z);

"(6) supplies full and complete information to the Secretary or his delegate as to the identity (A) of each person who has any direct or indirect ownership interest of 10 per centum or more in such intermediate care facility or who is the owner (in whole or in part) of any mortgage, deed, of trust, note, or other obligation secured (in whole or in part) by such intermediate care facility or any of the property or assets of such intermediate care facility, (B) in case an intermediate care facility is organized as a corporation, of each officer and director of the corporation, and (C) in case an intermediate care facility is organized as a partnership, of each partner; and promptly reports any changes which would affect the current accuracy of the information so required to be supplied;

"(7) cooperates in an effective program which provides for a regular program of independent medical evaluation and audit of the patients in the facility to the extent required by the programs in which the facility participates (including medical evaluation of such patient's need for intermediate care services;

"(8) meets such provisions of the Life Safety Code of the National Fire Protection Association (twenty-first edition, 1967) as are applicable to intermediate care facilities; except that the Secretary may waive, for such periods as he deems appropriate, specific provisions of such Code which if rigidly applied would result in unreasonable hardship upon an intermediate care facility, but only if such waiver will not adversely affect the health and safety of the patients; except that the provisions of such Code shall not apply in any State if the Secretary finds that in such State there is in effect a fire and safety code, imposed by State law, which adequately protects patients in intermediate care facilities; and

"(9) meets such other conditions relating to the health and safety of individuals who are furnished services in such institution or relating to the physical facilities thereof as the Secretary may find necessary (subject to the second sentence of section 1863),

except that the Secretary shall not require as a condition of participation that medical social services be furnished in any such institution; and except that such term shall not (other than for purposes of subsection (a)(2)) include any institution which is primarily for the care and treatment of mental diseases or tuberculosis. For purposes of subsection (a)(2), such term includes any institution which meets the requirements of paragraph (1) of this subsection. The term 'intermediate care facility' also includes an institution described in paragraph (1) of subsection (y), to the extent and subject to the limitations provided in such subsection. Notwithstanding any other provision of law, all information concerning intermediate care facilities required by this subsection to be filed with the Secretary shall be made available to Federal or State employees for purposes consistent with the effective administration of programs established under titles XVIII and XIX of this Act.

"Intermediate Care Services

"(bb) The term 'intermediate care services' means services provided an individual in an intermediate care facility after admission to such facility."

SEC. 3. (a) The following sections of the Social Security Act are amended—

(1) by striking out the phrase "hospital or skilled nursing facility" or "hospitals and skilled nursing facilities" each time either such phrase appears therein and inserting in lieu thereof "hospital, skilled nursing facility, or intermediate care facility" or "hospitals, skilled nursing facilities or intermediate care facilities," respectively; and

(2) by inserting "or intermediate care facility", or "or intermediate care facilities" after the phrase "skilled nursing facility" or "skilled nursing facilities", respectively wherever either such phrase appears therein (except where either such phrase is part of the phrase "hospital, skilled nursing facility, or intermediate care facility" or "hospitals, skilled nursing facilities, or intermediate care facilities"):

(A) section 1814(h);

(B) section 1861(k);

(C) section 1861(l);

(D) section 1861(m)(7);

(E) sections 1861(y)(2) and (3);

(F) section 1861(z);

(G) the last sentences of section 1866(a)(1), section 1866(b), section 1866(c)(2), and section 1866(d); and

(H) section 1876(i)(3).

(b)(1) Section 1861(a)(1) of such Act is amended by striking out "services, or extended care services" and inserting in lieu thereof "services, intermediate care services, or extended care services".

(2) Section 1861(a)(2) of such Act is amended by striking out "neither an inpatient of a hospital nor an inpatient of a skilled nursing facility" and inserting in lieu thereof "not an inpatient of a hospital, a skilled nursing facility, or an intermediate care facility".

(c) Section 1861(i) of such Act is repealed.

(d) Section 1861(k)(3) of such Act is amended by striking out "services or extended care services" and inserting in lieu thereof "services, intermediate care services, or extended care services".

(e) Section 1861(n) of such Act is amended—

(1) by inserting "or intermediate care facility" after "skilled nursing facility" the first time such term appears therein; and

(2) by striking out all after "part A" and inserting in lieu thereof "intermediate care services or extended care services.".

(f) Section 1861(u) of such Act is amended by inserting "intermediate care facility," after "skilled nursing facility,".

(g) Section 1861(v) of such Act is amended—

(1) by inserting in paragraph (1)(B) of such subsection "on intermediate care services" after "extended care services";

(2) by inserting in paragraph (1)(E) of such subsection (i) "and intermediate care facilities" after "in the case of skilled nursing facilities", (ii) "and intermediate care facility services" after "the cost of skilled nursing facility services", and (iii) "or intermediate care facility" after "to any skilled nursing facility";

(3) by striking out in paragraphs (2)(A) and (3) of such subsection "or post-hospital" and inserting in lieu thereof ", intermediate care services, or"; and

(4) by striking out in paragraph (3) of such subsection "hospital or skilled nursing facility" and inserting in lieu thereof "hospital, skilled nursing facility, or intermediate care facility".

(h) Section 1861(w) of such Act is amended by inserting "intermediate care facility," after "skilled nursing facility,".

(i)(1) The caption of section 1861(y) of such Act is amended to read as follows: "Extended Care and Intermediate Care in Christian Science Skilled Nursing Facilities and Intermediate Care Facilities".

(2) Section 1861(y)(1) is amended by striking out "The term 'skilled nursing facility'" and inserting in lieu thereof "The terms 'skilled nursing facility' and 'extended care facility'".

(3) Section 1861(y)(2) of such Act is amended by inserting "intermediate care services or" after "treated as".

(4) Sections 1861(y)(3) and (4) of such Act are amended by striking out "post-hos-

pital extended care services" wherever such term appears in each such section and inserting in lieu thereof "intermediate care services or extended care services".

(j) Section 1864(a) of such Act is amended—

(1) by striking out "hospital or skilled nursing facility" and inserting in lieu thereof "hospital, skilled nursing facility, or intermediate care facility";

(2) by inserting "intermediate care facility," after "hospital, skilled nursing facility,"; and

(3) by inserting "or intermediate care facility" after "skilled nursing facility".

(k) Section 1866 of such Act is further amended by striking out in subsections (b) (3) and (d) "post-hospital extended care services" and inserting in lieu thereof "intermediate care services, or extended care services".

(l) Section 1877(c) of such Act is amended by inserting "intermediate care facility," after "skilled nursing facility,".

SEC. 4. The amendments and repeal made by this Act shall be effective for months beginning after June 30, 1975, and shall apply to spells of illness beginning after June 30, 1975.

SEC. 5. There are hereby authorized to be appropriated from general revenues of the Government to the Federal Hospital Insurance Trust Fund and to the Federal Supplementary Medical Insurance Trust Fund for each fiscal year, beginning with the fiscal year ending June 30, 1974, such amounts as may be necessary to reimburse such trust funds for 100 per centum of the expenditures required to be made from such trust funds in each such fiscal year to carry out the amendments made by this Act.

S. 1553

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 213 of the Internal Revenue Code of 1954 (relating to deduction for medical, dental, and so forth, expenses) is amended by inserting immediately after subsection (b) the following new subsection:

"(c) SPECIAL RULE FOR CERTAIN NURSING HOME EXPENSES.—Amounts paid during the taxable year by the taxpayer for nursing home expenses for an individual who would be a dependent of such taxpayer, as defined in section 152, but for the support requirement in section 152(a) and which would otherwise be taken into account in computing the deduction under subsection (a) shall be taken into account under such subsection."

(b) The amendment made by this Act applies with respect to nursing home expenses paid by the taxpayer after December 31, 1975.

S. 1554

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1814 of the Social Security Act is amended by adding at the end thereof the following new section:

"(j) The Secretary shall develop and put into effect by January 1, 1977, an alternative reimbursement formula which will help hospitals participating in title 18 with less than 100 beds and less than 60 percent average occupancy located in areas where there is a demonstrated shortage of nursing home beds to provide long-term care without applying proportional allocation of overhead costs to all patients in such facilities. In developing such formulas the Secretary shall take into consideration the experience and data developed in the Utah Cost Improvement project approved by the Commissioner of Social Security on December 8, 1972."

S. 1555

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1611(e)(1)(A) of the Social Security Act is amended by inserting at the end thereof the following:

"Except that nothing in this section shall prohibit benefits from being paid to residents, including the mentally retarded and mentally incompetent, in non-medical shelter care facilities if the States certify that the residents placed in such facilities are ambulatory, needing only minimum supervision, and that the amount of State supplementation is not less than $100 per resident per month. Provided further that such facilities (i) meet all the conditions of State licensure; (ii) provide sufficient numbers of personal care, laundry, dietary and maintenance staff to care for the needs of the residents including an administrator who assumes overall responsibility for the operation of the facility; (iii) conform to the residential occupancy provisions of the Life Safety Code (23d edition 1973) and such additional standards as the Secretary shall prescribe; (iv) provides restorative and habilitative programs designed to promote physical and mental well-being which are evaluated at least annually and sufficient numbers of personnel to carry out such programs; and (v) require that only licensed personnel or those completing special courses of instruction established by the States shall distribute medication."

S. 1556

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1844(j)(4) of the Social Security Act is amended by striking everything after the comma and inserting the following:

"who visits such patients not less than once every 30 days, and (B) provides for having a physician available to furnish necessary medical care in case of emergency;"

S. 1557

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1844(j)(6) of the Social Security Act is amended by striking the semicolon and adding the following:

"24 hours per day, 7 days per week;"

SEC. 2. The provisions of this act shall become effective on January 1, 1978.

S. 1558

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1844(j)(7) of the Social Security Act is 1844 (j) (7) of the Social Security Act is amended by striking the semicolon and adding the following:

"Provided, however, That only registered professional nurses or licensed practical nurses shall be used for such purposes;"

S. 1559

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1861(j) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (9);

(2) by inserting "and" after the semicolon at the end of paragraph (10); and

(3) by adding after paragraph (10) the following new paragraph:

"(11) in the case of an institution which is primarily engaged in providing skilled nursing care and related services, has a medical director (as defined in section 1861(z)(1));".

(b) Section 1861 of such Act is further amended by adding at the end thereof the following new subsection:

"Medical Director; Nurse Practitioner

"(z)(1) The term 'medical director' means a physician (as defined in subsection (r)(1)) who (by contract or other arrangement with a skilled nursing home) assumes responsibility for the medical care provided by such home; who is on call in emergencies and (A) spends a minimum of 10 hours per week in such nursing home or (B) has working with him a nurse practitioner trained in geriatrics who spends at least 20 hours per week in such home: *Provided, however,* That the physician spends at least 2 hours per week in such facility.

"(2) the term 'nurse practitioner' means a registered professional nurse who is licensed as such under State law and who has completed a program of study becoming competent to provide primary health care. The duties such individual may perform include but are not limited to the following:

"(A) obtaining a health history,

"(B) assessing health-illness status,

"(C) entering an individual into the health care system,

"(D) sustaining and supporting individuals who are impaired, infirm, ill, and undergoing programs of diagnosis and therapy,

"(E) managing a medical care regimen for acute and chronically ill patients within established standing orders,

"(F) assisting individuals in regaining their health,

"(G) teaching and counseling individuals about health and illness,

"(H) counseling and supporting individuals with respect to the aging and dying processes, and

"(I) supervising nursing assistants."

(b) Section 1902(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (28)(E); and

(2) by inserting after the semicolon at the end of paragraph (28)(F), "and" and the following new subparagraph:

"(C) has a medical director (as defined in section 1861(z)(1));".

(c) The amendments made by subsections (a) and (b) shall become effective on January 1, 1978.

S. 1560

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1844(j)(6) of the Social Security Act is amended by striking the entire subsection (6) and inserting in lieu thereof the following:

"(6) provides 24-hour nursing service which is sufficient to meet nursing needs in accordance with the policies developed as provided in paragraph (2), provided that each patient receives no less than 2.25 hours of nursing time per day, has at least one registered professional nurse employed full time and meets such ratios as the Secretary may prescribe with respect to numbers of supervisory nurses to total nurses and staff;"

S. 1561

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1844(j) of the Social Security Act is amended by inserting after paragraph (15) the following new paragraph:

"(16) provides a program of medically related social services."

S. 1562

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That Section 1844(j) of the Social Security Act is amended by adding the following new subsection:

"(16) has in force a contract between the facility and each patient which covers the relative rights and duties of the parties. In the case of persons admitted to a facility on or after January 1, 1977, the facility and the patient shall conclude a contract, as far as practicable, within three days of the day of admission. Each party to a contract made hereunder shall receive a duplicate original or a copy of such contract. Whenever a patient is not competent to enter into a contract, the sponsor of such patient may contract on his behalf for the purposes enumerated hereunder.

(A) Every contract covering the relative rights and duties of a licensee and patient shall, after January 1, 1977, be in writing and on a form which the Secretary has approved. Every such contract shall contain express provision for (I) the duration of the contract, not to exceed six months; (II) the accommodations, services, and degree of care to be provided; (III) the daily or weekly rate therefor and any items not included therein for which a separate charge may be made; and (IV) specification of any rights, duties, and obligations of the parties in addition to those imposed by law. The Secretary may by regulation require that every such contract contain any provision which it finds necessary for the protection of patients or in the public interest and prohibit any provision which it finds unfair to patients or contrary to the public interest. The Secretary shall prepare and distribute a model contract which it finds acceptable.

(B) Every licensee of long-term care facility shall maintain in such facility a file of contracts made hereunder, and it shall retain each contract in such file for at least one year after the transfer or discharge of the patient covered thereby."

S. 1563

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1844(j)(13) is amended by striking out "21st edition, 1967" and inserting in lieu thereof "23rd edition, 1973".

S. 1564

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1844(j) of the Social Security Act is amended by adding the following new subsection:

"(16) maintains in an area of the facility accessible to patients, employees, and visitors a board suitable for posting notices and other written materials and posts conspicuously thereon such notices and materials as the Secretary may require, including but not limited to, the following:

"'(A) a current State license and Medicare/Medicaid Certification;

"'(B) a description, provided by the facility, of the accommodations, services, and degree or degrees of care provided by the facility and of the daily or weekly rate thereof and any items not included in such rate for which a patient may be separately charged;

"'(C) a list, provided by the facility, of the name, address, and principal occupation of each person who, as a stockholder or otherwise, has a proprietary interest of ten percent or more in the facility of each officer and director of a facility which is a corporation, and of each trustee and beneficiary of a facility which is a trust;

"'(D) a list, compiled by the administrator of the facility, of the names of all physicians, registered nurses, licensed practical nurses, and any other licensed personnel employed or retained by the facility;

"'(E) a description, provided by the Department of Health, of complaint procedures established under State law;

"'(F) a list, provided by the department, of such materials as are available under section 1844(j)(11) of this Act for inspection and copying; and

"'(G) for such period as the Secretary shall fix, a copy of any notice of hearing, order, or decision of the department pertaining to the facility;

"'(H) a copy of the patient's bill of rights as published in the October 3, 1974 Federal Register.'"

S. 1565

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1844(j) of the Social Security Act is amended by adding the following new subsection:

"(16) has in effect procedures to prevent epidemic diseases and accidents and for reporting them immediately to appropriate authority and next of kin of patients involved in any untoward incident affecting health and safety."

S. 1566

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order for any State to be eligible for payments pursuant to title XIX of the Social Security Act, with respect to expenditures for any quarter beginning more than sixty days after the date of the enactment of this Act, such State must have in effect an agreement with the Secretary of Health, Education, and Welfare (hereinafter in this Act referred to as the "Secretary") under which the State will carry out the inspection program prescribed by the Secretary under section 2 of this Act and will enforce the guarantees of the rights of patients specified in section 3.

SEC. 2. (a) The Secretary shall by regulation prescribed a program for the inspection of public and private skilled nursing intermediate care facilities to determine if such facilities meet (1) health, sanitation, nursing care, and dietary standards and (2) standards respecting any other matter immediately affecting the well-being of patients of such facilities. The standards referred to in the preceding sentence shall be, with respect to Skilled Nursing Facilities participating under Title 18 and/or 19, the Conditions of Participation in an Extended Care Facility in effect *prior to* January 17, 1974 and with respect to Intermediate Care Facilities, shall be the standards set forth by the Secretary in the Federal Register of January 17, 1974.

(b) The inspection program prescribed under subsection (a) shall require the following:

(1) Inspections under the program shall be carried out as follows by the agency of the State which licenses or otherwise regulates the facilities to be inspected:

(A) Such inspections shall be made at least once every three months in such manner as shall be prescribed in the program.

(B) The inspecting agency shall make the results of its inspections open to the public and shall report them to the Secretary as required by the program.

(C) If the inspecting agency determines from an inspection under the program that a facility is not in compliance with a standard applicable to the facility under the program, such agency shall notify the facility by registered letter return receipt requested of the noncompliance and shall require the facility to take such action as may be necessary to bring it into compliance within the thirty-day period beginning on the date it receives the notice. Such thirty-day period may be extended by the agency for not more than fifteen days upon a showing of good cause for its extension.

(2) The laws of a State which has an agreement with the Secretary for the enforcement of the inspection program shall (A) require the imposition of a fine of not to exceed $300 for each willful refusal to permit any inspection required by the inspection program and for each willful failure to bring a facility into compliance with a standard under the program within the period prescribed by paragraph (1)(C), (B) require that the inspection agency of a State refer all violations of the inspection program to the attorney general of that State, and (C) otherwise authorize, as prescribed by regulations of the Secretary, appropriate and effective enforcement of the requirements of the inspection program.

SEC. 3. Each State which has an agreement with the Secretary under the first section shall, as prescribed by regulations of the Secretary, undertake the appropriate and effective enforcement of the following guarantees of rights of patients in public and private extended care facilities, skilled nursing homes, and intermediate care facilities:

(1) A guarantee that the patient's civil and religious liberties will not be infringed upon and that the facility will encourage and assist in the fullest possible exercise of these rights.

(2) A guarantee that the patient shall be furnished, upon request, with the names of the physicians, nurses, and other health care personnel directly responsible for coordinating his care in the facility.

(3) A guarantee of the patient's right to receive adequate, high quality, and appropriate medical care, including the right to have drugs administered only by personnel with appropriate training.

(4) A guarantee of the patient to be fully informed of his medical condition and proposed treatment, and to participate in the planning of all of his medical treatment, including the right to refuse medication and treatment and to know the consequences of such actions.

(5) A guarantee that if the facility of another agency proposes to use the patient in any experimentation project—human or otherwise—the patient shall be fully informed of such proposal and shall have the right to refuse to participate in such project.

(6) A guarantee of the patient's right to have private and unrestricted communications with his physician, attorney, and any other person; and the right to have privacy in caring for personal needs, confidentiality in the treatment of his personal and medical records, and security in the storage and use of his personal possessions.

(7) A guarantee that the patient shall be allowed to use his leisure time as he desires and to meet his needs for recreation, unless it infringes upon his health or rights or the health or rights of others.

* * * * *

other patients and outside parties to work for improvements in patient care.

(13) A guarantee of the patient's right to be from mental and physical abuse and from physical chemical restraints, except those legitimate restraints authorized in writing by a doctor for a specified limited period of time.

(14) A guarantee that the patient shall be provided a statement of the facility's regulations and an explanation of the patient's responsibilities to obey all reasonable regulations and to respect the personal rights and private property of other patients.

(15) A guarantee that the patient shall be offered long-term care and treatment without discrimination as to race, religion, sex, age, national origin, or source of income.

(16) A guarantee that, should the patient be adjudicated incompetent in accordance with State law and not be restored to legal capacity, the rights and responsibilities described in the preceding paragraphs shall devolve upon a sponsor or guardian who shall see that the patient is provided with ade-

quate, appropriate, and respectful medical treatment and care and all rights which he is capable of exercising.

S. 1567

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1901 of the Social Security Act is amended by striking the last line and substituting the following:

"The sums made available under this section shall be used for making payments to States which have State plans for medical assistance ratified by its Legislative and Executive branch and which have been submitted to and approved by the Secretary of Health, Education, and Welfare."

SEC. 2. Section 1902 is amended by adding the following new subsection:

"(37) be posted in public places and otherwise be readily available to the public."

SEC. 3. Section 1904 of the Social Security Act is amended by striking the entire section and substituting the following:

"SEC. 1904. (a) The Secretary shall conduct at least once a year a review of State plans approved under this title to determine each state's compliance with and the quality of the administration of its plan.

"(b) The Secretary shall promulgate a rating system reflecting the quality of each State's administration of and compliance with its state plan and shall publish ratings of each state's relative compliance with its plan on January 1 or every year, beginning January 1, 1977.

"(c) If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 1902; or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision; the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure), until the Secretary is satisfied that there will no longer be such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure.)

"(d) Title 19 recipients individually, or as a class, without reference to the $10,000 jurisdictional amount, may bring suit for specific performance in any Federal District Court against any state which substantially fails to comply with the provisions of its state plan."

S. 1568

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1112 of the Social Security Act is amended by added at the end thereof the following:

"The Secretary shall establish a rating system for nursing homes participating in Title 18 and Title 19 as a guide to consumers. Ratings for nursing homes shall be determined on the basis of survey reports available to the Secretary and other pertinent data within the purview of Section 1106 of this Act."

S. 1569

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1903(a)(4) of the Social Security Act is amended by striking out "plus" at the end thereof and inserting lieu thereof the following:

"Except that no payment or compensation shall be made unless the Secretary finds and certifies that there is in operation in such State an ombudsman program which is located within the State Department of Justice (or other non health related agency) and has the cooperation of all State agencies and is empowered to (i) investigate nursing home complaints; (ii) hold hearings; (iii) enter a nursing home without prior notice at any hour of the day or night; (iv) recommend to the State Health Department license revocation or other disciplinary action against a nursing home and (v) file an annual report to the Legislature and the Governor with recommendations for action; plus".

S. 1570

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) title XI of the Social Security Act is amended by adding after section 1123 the following new section:

"INSPECTOR GENERAL FOR HEALTH ADMINISTRATION

"Sec. 1125. (a) (1) In addition to other officers within the Department of Health, Education and Welfare, there shall be within such department, an officer with the title of 'Inspector General for Health Administration' (hereinafter in this section referred to as the 'Inspector General') who shall be appointed or reappointed by the President, by and with the advice and consent of the Senate. In addition, there shall be a Deputy Inspector General for Health Administration (hereinafter referred to as the 'Deputy Inspector General'), and such additional personnel as may be required to carry out the functions vested in the Inspector General by this section.

"(2) The term of office of any individual appointed or reappointed to the position of Inspector General shall expire 6 years after the date he takes office pursuant to such appointment or reappointment.

"(b) The Inspector General shall report directly to the Secretary of Health, Education and Welfare (hereinafter in this section referred to as the 'Secretary'); and, in carrying out the functions vested in him by this section, the Inspector General shall not be under the control of, or subject to the supervision by, any officer of the Department of Health, Education and Welfare, other than the Secretary.

"(c) (1) It shall be the duty and responsibility of the Inspector General to arrange for, direct or conduct such reviews, inspections, and audits of the health insurance program established by title XVIII, the medical assistance programs established pursuant to title XIX and any other programs of health care authorized under any other title of this Act as he considers necessary for ascertaining the efficiency and economy of their administration, their consonance with the provisions of law by or pursuant to which such programs were established, and the attainment of the objectives and purposes for which such provisions of law were enacted.

"(2) The Inspector General shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (1) of this subsection for the purpose of—

"(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

"(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans, procedures, or administration of such programs; and

"(C) evaluating the effectiveness of such programs in attaining the objectives and purposes of the provisions of law by or pursuant to which such programs were established.

"(d) (1) For the purposes of aiding and carrying out his duties under this section, the Inspector General shall have access to all records, reports, audits, reviews, documents, papers, recommendations or other material of or available to the Department of Health, Education and Welfare which relate to the programs with respect to which the Inspector General has responsibilities under this section.

"(2) The head of any Federal department, agency, office or instrumentality shall at the request of the Inspector General, provide any information which the Inspector General determines will be helpful to him in carrying out his responsibilities under this section.

"(e) (1) The Inspector General shall have the authority to suspend any regulation, practice or procedure employed in the administration of any program with respect to which he has responsibilities under this section if as a result of any study, investigation, review, or audit of such program, he determines that—

"(A) the suspension of such regulation, practice or procedure will promote efficiency or economy in the administration of such program; or

"(B) such regulation, practice, or procedure is contrary to the applicable provisions of law, or does not carry out the objectives and purposes of the provisions of law by or pursuant to which there was established the program in connection with which such regulation, practice or procedure is promulgated, instituted or applied.

"(2) (A) Any suspension by the Inspector General of any regulation, practice or procedure pursuant to this subsection shall remain in effect until the Inspector General issues an order reinstating such regulation, practice or procedure; except that—

"(i) in the case of any existing regulation, the Secretary may, at any time after such suspension by the Inspector General, issue an order revoking such suspension, and

"(ii) in the case of a suspension of a practice or procedure or the application of a proposed regulation, the Secretary may, at any time later than 30 days after any such suspension by the Inspector General, issue an order revoking such suspension.

"(B) Whenever the Secretary issues an order revoking any such suspension by the Inspector General, he shall promptly notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives of such order and shall submit to each such committee information explaining his reasons for the issuance of such order.

"(f) (1) The Inspector General may, from time to time, submit such reports to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives relating to his activities as he deems to be appropriate.

"(2) Whenever either of the committees referred to in paragraph (1) makes a request to the Inspector General to furnish such committee with any information, or to conduct any study or investigation and report the findings resulting therefrom to such committee, the Inspector General shall comply with such request.

"(3) Whenever the Inspector General issues an order suspending or reinstating any regulation, practice, or procedure pursuant to subsection (e) he shall promptly notify the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives of such order and shall submit to each such committee information explaining the reasons for the issuance of such order.

"(g) The Inspector General may make ex-

penditures (not in excess of $50,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this section; but such expenditures so made shall not be utilized to make payments to any one individual, the aggregate of which exceeds $2,000. The Inspector General shall submit annually a confidential report on expenditures under this provision to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

"(h) (1) Expenses of the Inspector General relating to the health insurance program established by title XVIII shall be payable from the Federal Hospital Insurance Trust Fund and from the Federal Supplementary Medical Insurance Trust Fund, with such portions being paid from each such fund as the Secretary shall deem to be appropriate. Expenses of the Inspector General relating to medical assistance programs established pursuant to title XIX shall be payable from funds appropriated to carry out such title; and expenses of the Inspector General relating to any program of health care authorized under any title of this Act (other than titles XVIII and XIX) shall be payable from funds appropriated to carry out such program.

"(2) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.

"(i) The Secretary shall provide the Inspector General and his staff with appropriate office space within the facilities of the Department of Health, Education and Welfare, together with such equipment, office supplies and communications facilities and services as may be necessary for the operation of such office and shall provide necessary maintenance services for such offices and the equipment and facilities located therein."

"(b) Section 5315 of title 5, United States Code, is amended by inserting: (105) Inspector General for Health Administration.".

S. 1571

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

That Section 1877(a) of Title XVIII be amended by adding the following new subsection:

"(5) offers, solicits receives or accepts any rebate, refund, commission preference, patronage dividend, discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, irrespective of any membership, proprietary interest or coownership in or with any person to whom such patients, clients or customers are referred."

SEC. 2. Section 1909 of Title XIX is amended by adding the following new subsection:

"(5) offers patronage dividend, receives or accepts any rebate, refund, commission, preference discount, or other consideration, whether in the form of money or otherwise, as compensation or inducement for referring patients, clients, or customers to any person, irrespective of any membership, proprietary interest or coownership in or with any person to whom such patients, clients or customers are referred,"

S. 1572

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1861(j) of the Social Security Act is amended by inserting after paragraph (15) the following new paragraph:

"(16) Provides a program to insure the integrity of patients' accounts moneys or valuables and to insure that they are not mingled with those belonging to the facility. *Provided further,* That (a) patients' moneys and valuables shall be separate and intact and free from any liability the facility incurs in the use of his own or the institution's funds and valuables.

"(b) Each facility shall maintain adequate safeguards and accurate records of patients' moneys and valuables entrusted to his care.

"(1) Records of patients' moneys which are maintained as a drawing account shall include a control account for all receipts and expenditures, an account for each patient and supporting vouchers filed in chronological order. Each account shall be kept current with columns for debits, credits, and balance.

"(2) Records of patients' moneys and other valuables entrusted to the facility for safekeeping shall include a copy of the receipt furnished to the patient or to the person responsible for the patient.

"(c) Patients' moneys not kept in the licensed facility shall be deposited in a demand trust account in a local bank authorized to do business in the State in which the facility is licensed, the deposits of which are insured by the Federal Deposit Insurance Corporation, except that a county or State health facility may deposit such funds with the county or State treasurer.

"(d) When the amount of money entrusted to a licensee for patients exceeds $500, all money in excess of $500 shall be deposited in a demand trust account as specified in (c) above unless a fireproof safe is provided for protection of moneys and valuables.

"(e) Upon discharge of a patient, all money and valuables of that patient which have been entrusted to the licensee shall be surrendered to the patient or the person responsible for the patient in exchange for a signed receipt. Money and valuables kept within the facility must be surrendered upon demand, and those kept in a demand trust account or with the county or State treasurer must be made available within three normal banking days.

"(f) Following the death of a patient, all money and valuables of that patient which have been entrusted to the licensee shall be surrendered to the person responsible for the patient, the executor, or the administrator of the estate in exchange for a signed receipt, within 30 days. Whenever a patient without an agent or known heirs dies, immediate written notice thereof must be given to the appropriate county or State official as specified by law.

"(g) Upon change of ownership of a facility, a certified written audit of all patients' moneys which are being transferred to the custody of the new owner shall be obtained by the new owner in exchange for a signed receipt."

S. 1573

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1909 of the Social Security Act is amended by adding the following new subsection:

"(5) charges, solicits, accepts or receives any money, gift or consideration over and above the rates established by the states or charges, solicits, accepts or receives any gift, money, donation or consideration as a precondition of admitting a patient to a long-term care facility."

S. 1574

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

SECTION 1. Section 1903(a)(4) of the Social Security Act is amended by striking out "plus" at the end thereof and inserting in lieu thereof the following:

"Except that no payment attributable to compensation of such personnel shall be made unless the Secretary finds and certifies that, (i) such individuals have satisfactorily completed a course approved in advance by the Secretary which is specifically designed to enable said individuals to assess the compliance of institutions providing long-term care with applicable health and safety standards and, (ii) such individuals meet additional performance qualifications which the Secretary shall by regulation prescribe; plus"

SEC. 2. The amendments made by Section one shall be effective beginning July 1, 1976.

S. 1575

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1877 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary in prescribing forms of payment of services under this title applicable to nursing homes, shall include in such forms a summary of the penalties prescribed by this section.".

SEC. 2. Section 1909 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary in prescribing forms for payment of services under this title applicable to nursing homes, shall include in such forms a summary of the penalties prescribed by this section.".

S. 1576

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1903(a) of the Social Security Act is amended by adding a new subsection as follows:

"(7) an amount equal to 100 per centum of the sums expended in the enactment of, conversion to and enforcement of new enforcement tools short of nursing home licensure revocation including but not limited to a citation system and protective custodianship procedures."

S. 1577

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1903(a) of the Social Security Act is amended by adding the following:

"(7) an amount equal to 100 per centum of the sums expended in carrying out financial audits of skilled nursing and intermediate care facilities participating in Federal programs."

S. 1578

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) Section 2007 of the Social Security Act is redesignated as section 2008.

(b) Title XX of such Act is amended by adding after section 2006 the following new section:

"INSPECTIONS

"SEC. 2007. (a) The Secretary shall provide for the continuing inspection of State inspection and enforcement programs, on a random basis, with respect to facilities receiving payments under title XVIII and XIX.

"(b) The Secretary is authorized to employ not less than 50 persons as inspectors to carry out the provisions of subsection (a).

"(c) There are authorized to be appropriated to carry out the provisions of this section such sums as may be necessary.".

S. 1579

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1866 of the Social Security Act is amended by adding at the end thereof a new subsection:

"(f) In addition to remedies provided to the Secretary under this section, Title 18 beneficiaries, individually, or as a class, without reference to the $10,000 jurisdictional amount, may bring suit for specific performance in any Federal District Court against any facility in breach or non-compliance with its provider agreement."

Section 2. Section 1904 of the Social Security Act is amended by adding the following sentence at the beginning of such section:

"The Secretary or Title 19 recipients, individually or as a class, and without reference to the $10,000 jurisdictional amount, may bring suit for specific performance against any facility in breach of or non-compliance with its provider agreement."

S. 1580

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 1902(a)(13)(E) of the Social Security Act is amended by striking the semicolon and inserting the following:

"provided however, that nothing in this section shall prohibit the States from incorporating financial incentives for good care within the context of their reasonable cost-related formulae;".

S. 1581

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

TITLE I—SURVEY AND CERTIFICATION, RATE-SETTING AND AUDIT, AND GENERAL REGULATION OF LONG-TERM CARE FACILITIES UNDER MEDICAID PROGRAMS

REQUIREMENT OF MEDICARE APPROVAL FOR SKILLED NURSING FACILITIES UNDER MEDICAID PROGRAMS

SECTION 101. Section 1902(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof "; and"; and

(3) by inserting immediately after paragraph (36) the following new paragraph:

"(37) provide that no skilled nursing facility may receive payments under such plan unless and until it is approved to receive payments under title XVIII."

TERMINATION OF PAYMENTS TO SKILLED NURSING AND INTERMEDIATE CARE FACILITIES FOR VIOLATIONS OF PROVIDER AGREEMENTS

SEC. 102. Section 1902(a) of the Social Security Act (as amended by section 101 of this Act) is amended—

(1) by striking out "and" at the end of paragraph (36);

(2) by striking out the period at the end of paragraph (37) and inserting in lieu thereof "; and"; and

(3) by inserting immediately after paragraph (37) the following new paragraph:

"(38) provide that (A) the State agency shall have the power to terminate reimbursement to a skilled nursing or intermediate care facility which such agency has found has violated its provider agreement, with such termination being so structured as to provide that it may be effected upon a unilateral finding of the agency and remain in effect until or unless it is reversed pursuant to a legal challenge, (B) it shall be unlawful to make reimbursement for any legal expenses or administrative costs incurred in contesting any rulings of the State agency, and (c) the State agency may order a halt to reimbursement for new admissions to the skilled nursing or intermediate care facility if such agency finds that the facility has violated the terms of its provider agreement or is not in compliance with the requirements of paragraph (28)."

SAMPLING PROCESS IN MEDICAL REVIEW UNDER MEDICAID PROGRAMS

SEC. 103. Section 1902(a)(26) of the Social Security Act is amended—

(1) by striking out "and" before "(C)"; and

(2) by adding after the semicolon at the end thereof the following: "and (D) the State agency shall determine from such inspection and medical review (which shall be undertaken without prior notice to the facility) the total reimbursement made for services found to be inadequate, unnecessary, or excessively reimbursed, and shall then (i) deem such inspection and review to be a sample to serve as the basis for a computation of a total overpayment to such facility over the course of the preceding year, and (ii) require full refund of this amount of excessive reimbursement."

SEC. 104. Section 1902(a)(31) of the Social Security Act is amended—

(1) by striking out "and" before "(C)"; and

(2) by adding after the semicolon at the end thereof the following: and (D) the State agency shall determine from such inspection and medical review (which shall be undertaken without prior notice to the facility) the total reimbursement made for services found to be inadequate, unnecessary, or excessively reimbursed, and shall then (i) deem such inspection and review to be a sample to serve as the basis for a computation of a total overpayment to such facility over the course of the preceding year, and (ii) require full refund of this amount of excessive reimbursement.

UPDATED COST BASIS FOR PAYMENTS TO SKILLED NURSING AND INTERMEDIATE CARE FACILITIES UNDER MEDICAID PROGRAMS

SEC. 105 Section 1902(a)(13) of the Social Security Act is amended—

(1) by adding "and" at the end of subparagraph (E); and

(2) by adding at the end thereof the following new subparagraph:

"(F) that payments described in subparagraph (E) shall be based upon a prospective cost-based method of computation in which the audited costs of rendering service in such facilities in a prior year is updated through the use of economic indices to the year in which payment is made, with this basis being supplemented through the certification by the State agency that the costs developed through the the prospective cost-base method do not exceed what a prudent buyer would pay for each type of goods or service reimbursed under the plan, and with the Secretary reviewing these prudent buyer ceilings subsequent to the certification of the State agency and being empowered to revise or alter them so as to reflect the reasonable costs which a prudent buyer would pay."

REQUIREMENT OF BONDS UNDER MEDICAID PROGRAMS

SEC. 106. Section 1902(a) of the Social Security Act (as amended by section 102 of this Act) is amended—

(1) by striking out "and" at the end of paragraph (37):

(2) by striking out the period at the end of paragraph (38) and inserting in lieu thereof "; and "; and

(3) by inserting immediately after paragraph (38) the following new paragraph:

"(39) that any skilled nursing facility or intermediate care facility receiving payments under such plan be required to maintain with the State agency a bond in such amount, under such terms, and in such form as such agency may direct, with such agency being required to base its determination as to the nature and amount of the bond upon the amount it reasonably considers to be adequate so as to anticipate any and all claims for overpayment to such facility which are likely to arise."

REGULATION OF BUSINESS DEALINGS BY NURSING HOME OWNERS UNDER MEDICARE AND MEDICAID PROGRAMS

SEC. 107. (a) Section 1861(j)(11) of the Social Security Act is amended by striking out "and" before "(C)", and by inserting before the semicolon at the end thereof the following: ", and (D) of the owner of the land and buildings in which and on which the facility is housed, or, in the case of an owner which is a corporation, of all persons affiliated in any way with such corporation".

(b) Secton 1861(j) of such Act is further amended—

(1) by striking out "and" at the end of paragraph (13);

(2) by striking out the period at the end of paragraph (15) and inserting in lieu thereof "; and"; and

(3) by inserting immediately after paragraph (15) the following new paragraphs:

"(16) provides the Secretary (in the case of a corporation) with full information as to any changes in the identity of its corporate owners, the form of the corporation, and any change in the relative interests of the principals in the corporation.

"(17) Supplies to the Secretary or his delegate the names and addresses of and the extent of his interest in businesses (including corporations) providing goods and/or services to any nursing home in the United States."

(c) Section 1861(v)(1) of such Act is amended by adding at the end thereof the following new paragraph:

"(F) Where a vendor of a good or service, or a member of a vendor corporation having at least a 10-percent interest in such corporation has a relationship with the nursing home operator, or with a member of a corporate nursing home operator having at least a 10-percent interest in the corporation, whereby they each hold at least a 10-percent interest in any business enterprise, the reasonable cost for any purchase of goods or services from such vendor by such operator shall be only the actual cost of such goods or services to such vendor with no allowance for profit or other consideration."

(d) Section 1861(z)(1) of such Act is amended by adding after the semicolon at the end thereof the following: "except that where the Secretary or the State agency administering or charged with administering a medical assistance plan approved under title XIX shall find that a skilled nursing or intermediate care facility rendered, over a period of time, inadequate, overly costly, or unnecessary care, he or it may require such an item-by-item identification of the components of each type of anticipated expenditure or income as part of such budget;".

TITLE II—MEDICAL, PSYCHOLOGICAL, AND SOCIAL ASSESSMENT OF PATIENTS IN NEED OF LONG-TERM CARE UNDER MEDICARE AND MEDICAID PROGRAMS

CONDITIONS OF AND LIMITATIONS ON PAYMENT FOR SERVICES UNDER HOSPITAL INSURANCE PROGRAM

SEC. 201. (a) Section 1814(a)(1) of the Social Security Act is amended—

(1) by inserting "based on such patient assessment criteria as the Secretary may require," after "post-hospital extended care services," in subparagraph (C); and

(2) by inserting "based on such patient assessment criteria as the Secretary may require," after "post-hospital home health services," in subparagraph (D).

(b) Section 1814(h)(1) of such Act is amended—

(1) by striking out "and" at the end of subparagraph (C);

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following new subparagraph:

"(D) such certification is based on such patient assessment criteria as the Secretary may require, and".

(c) Section 1814(i) of such Act is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following new subparagraph:

"(C) such certification is based on such patient assessment criteria as the Secretary may require, and".

DEFINITIONS OF TERMS FOR PURPOSES OF HOSPITAL INSURANCE AND MEDICAL INSURANCE PROGRAMS

SEC. 202. (a) Section 1861(j)(12) of the Social Security Act is amended by striking out "which provides" and inserting in lieu thereof "which is based on such patient assessment criteria as the Secretary may require and which provides".

(b)(1) Section 1861(k) of such Act is amended by striking out "A utilization review plan" and all that follows down through "furnished by the institution" in the matter preceding paragraph (1) and inserting in lieu thereof the following: "A utilization review plan of a hospital, skilled nursing facility, home health agency, or (with respect to title XIX) intermediate care facility shall be considered sufficient if it is applicable to services furnished by the institution or agency".

(2) Section 1861(k) of such Act is further amended—

(A) by striking out "and" at the end of paragraph (3);

(B) by redesignating paragraph (4) as paragraph (5); and

(C) by inserting after paragraph (3) the following new paragraph:

"(4) for such review to be made, in each case of post-hospital extended care services, post-hospital home health services, or intermediate care services, with respect to each patient's initial and continued need for care based on such patient assessment criteria as the Secretary may require; and".

(3) Section 1861(k) of such Act is further amended by adding at the end thereof the following new paragraph:

"For purposes of this Act the term 'patient assessment' means an objective, quantifiable system of evaluating an individual's mobility, need for assistance in eating, behavior or mental condition, incontinence, current physical rehabilitation needs, special dietary needs, and needs for medications, injections, intravenous and subcutaneous fluids, dressings and appliances, catherization (including urigation), douches, enemas, colostomy irrigations, suctioning, oxygen and other special treatment modalities, together with such other needs or services as the Secretary may deem appropriate for the purpose of determining appropriateness of and initial or continued need for post-hospital extended care services, posthospital home health services, or intermediate care services.

"The Secretary shall not later than July 1, 1976, promulgate such regulations as may be necessary to carry out this subsection, and such regulations shall be periodically reviewed and revised thereafter in light of experience under this subsection."

(c) Section 1861(o) of such Act is amended—

(1) by striking out "and" at the end of paragraph (5);

(2) by redesignating paragraph (6) as paragraph (8); and

(3) by inserting after paragraph (5) the following new paragraphs:

"(6) cooperates in a program based on such patient assessment criteria as the Secretary may require which provides for a regular program of independent medical evaluation and audit of the patients;

"(7) has in effect a utilization review plan which meets the requirements of subsection (k)."

REQUIREMENTS FOR STATE PLANS UNDER MEDICAID PROGRAMS

SEC. 203. (a) Section 1902(a)(26) of the Social Security Act (as amended by section 103 of this Act) is amended—

(1) by inserting ", utilizing such criteria as are required by the Secretary under the last two paragraphs of section 1861(k)," after "for a regular program" in clause (A); and

(2) by striking out subdivisions (iii) and (iv) of clause (B) and inserting in lieu thereof the following: "(iii) the appropriateness of and initial or continued need for such services as may be furnished by the facility (or institution) involved, and (iv) the feasibility, determined by reference to the criteria and methods required by the Secretary under the last two paragraphs of section 1861(k), of meeting their health care needs through alternative institutional or noninstitutional services; and".

S. 1582

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part D of title VI of the Public Health Service Act is amended by inserting immediately after section 43A the following new section:

"LOANS FOR THE CONSTRUCTION OF NURSING HOMES OWNED AND OPERATED BY CHURCHES

"SEC. 644. (a) The Secretary is authorized to make loans to any nonprofit organization, church, or association of a church, qualifying under section 501(c)(3) of the Internal Revenue Code, to meet all or a part of the cost of construction or rehabilitation of a home which will be owned and operated by such church, organization, or association.

"(b) Any such loan shall be made only on the basis of an application submitted to the Secretary in such form and containing such information and assurances as he may prescribe.

"(c) Each such loan shall bear interest at whichever of the following is the lower:

"(1) the rate of 4 per centum per annum; or

"(2) a rate equal to the average market yield (computed by the Secretary of the Treasury on the basis of market quotations as of the end of the calendar month next preceding the month in which loan is made) on all marketable interest-bearing obligations of the United States then forming a part of the public debt which are not due or callable until the expiration of four years from the end of such calendar month (except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest on such loan shall be the multiple of one-eighth of 1 per centum nearest such market yield).

"(d) There are hereby authorzed to be appropriated such amounts as may be necessary to carry out the provisions of this section."

S. 1583

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part D of Title VI of the Public Health Service Act is amended by inserting immediately after section 643A the following new section:

"GRANTS FOR THE PLANNING, DEVELOPMENT, CONSTRUCTION, AND REHABILITATION OF NURSING HOMES IN BLACK AND MINORITY COMMUNITIES

SEC. 644. (a) The Secretary is authorized to make grants to any church, association of churches or other non-profit organization qualifying under section 501(c)(3) of the Internal Revenue Code to meet all or part of the cost of planning, developing, constructing, or rehabilitating a nursing home owned by such entity in black and other minority areas where there is a demonstrated shortage of nursing home beds.

"(b) Any such grants shall be made only on the basis of an application submitted to the Secretary and in such form and containing such information as he may prescribe.

"(c) There is hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this section."

S. 1584

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 236 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(p) In addition to any other authority conferred by this section, the Secretary may make interest reduction payments with respect to a mortgage covering repair or rehabilitation of a nursing home in order to correct physical deficiencies and comply with Federal minimum standards, if—

"(1) the sponsor submits an application to the Secretary in such form and containing such information as he may prescribe; and

"(2) the Secretary of the Department of Health, Education, and Welfare or his designee or an officer of any designated single State agency certifies that such sponsor (nursing home) is in more than substantial compliance of Federal and State standards with the exception of those physical and other deficiencies the sponsor seeks to correct through this application."

S. 1585

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part E of title VII of the Public Health Service Act is amended by adding at the end thereof the following new section:

"GRANTS FOR THE ESTABLISHMENT OF GRADUATE PROGRAMS FOR NURSES IN GERIATRICS AND GERONTOLOGY

"SEC. 776. The Secretary may make grants and enter into contracts with public or nonprofit colleges and universities for the purposes of developing graduate programs for nurses in geriatrics and gerontology."

S. 1586

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8(a)(4) of the National Labor Relations Act (29 U.S.C.; 158(a)(4)) is amended by inserting immediately before the semicolon a comma and the following: "or because he has given testimony before any standing special or select committee of either House of Congress or any joint committee of the Congress or in any proceeding before any agency or department of the Federal government".

S.J. RES. 75

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the President of the United States is authorized to call a White House Conference on Long-Term Care in 1976, in order to develop recommendations for action in establishing a national policy with respect to the needs of disabled Americans with primary emphasis on the physically and mentally impaired aged. The Conference should consider methods to:

1. Make long-term care available to those who need it;

2. Provide alternatives to nursing home placement;

3. Improve the quality of care offered in long-term care facilities;

4. Provide for appropriate training of personnel;

5. Finance the necessary benefits structure to make long-term care a right for all Americans.

(b) For purposes of developing this plan as a national policy concerning the needs of elderly Americans requiring prolonged institutional care, the conference shall bring together representatives of Federal, State, and local governments, professional and lay people who are working in or concerned with long-term care.

(c) A final report of the White House Conference on Long-Term Care shall be submitted to the President not later than one hundred and twenty days following the date on which the Congerence is called and the findings and recommendations included therein shall be immediately made available to the public. The Secretary of Health, Education, and Welfare shall, within ninety days after the submission of such final report, transmit to the President and the Congress his recommendations for the administrative action and the legislation necessary to implement the recommendations contained in such report.

ADMINISTRATION

SEC. 2. In administering this joint resolution, the Secretary shall—

(a) request the cooperation and assistance of such other Federal departments and agencies as may be appropriate in carrying out the provisions of this joint resolution;

(b) render all reasonable assistance, including financial assistance, to the States in enabling them to organize and conduct conferences on aging prior to the White House Conference on Long-Term Care;

(c) prepare and make available background materials for the use of delegates to the White House Conference as he may deem necessary and shall prepare and distribute such report or reports of the Conference as may be indicated; and

(d) in carrying out the provisions of this joint resolution, engage such additional personnel as may be necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service, and without regard to chapter 57 and subchapter 111 of chapter 63 of such title relating to classification and General Schedule pay rates.

ADVISORY COMMITTEES

SEC. 3. The Secretary is authorized and directed to establish an Advisory Committee to the White House Conference on Long-Term Care composed of not more than twenty-eight professional and public members, with one member ex officio appointed from the staff of the Senate Special Committee on Aging, the House Committee on Aging, the House Ways and Means Committee and the Senate Finance Committee. Members of the committee appointed pursuant to this section, who are not officers or employees of the United States, while attending conferences or meetings of their committees or otherwise serving at the request of the Secretary, shall be entitled to receive compensation at a rate to be fixed by the Secretary but not exceeding $75 per diem, including travel-time, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently. The Director of the Office of Nursing Home Affairs shall act as Executive Secretary of the Committee.

DEFINITIONS

SEC. 4. For the purposes of this joint resolution—

(1) the term "Secretary" means the Secretary of Health, Education, and Welfare; and

(2) the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

SEC. 5. There is authorized to be appropriated to carry out this joint resolution the sum of $500,000.

By Mr. MONTOYA (for himself, Mr. GRAVEL, and Mr. RANDOLPH):

S. 1587. A bill to amend the Public Works and Economic Development Act of 1965 to increase the antirecessionary effectiveness of the program and for other purposes. Referred to the Committee on Public Works.

PUBLIC WORKS EMPLOYMENT ACT OF 1975

Mr. MONTOYA. Mr. President, I introduce today the Public Works Employment Act of 1975. I introduce the bill as chairman of the Economic Development Subcommittee of the Committee on Public Works. The chairman of the Public Works Committee, Senator RANDOLPH, is cosponsoring this bill with me. Hearings will be held May 20 to 21, 1975, on this and related bills.

This is a public works bill to create jobs—to create them quickly and efficiently—with emphasis on construction jobs for the depressed construction sector. The bill does not authorize new programs. It builds on existing programs and capabilities in the Economic Development Administration, an agency with 10 years' experience in the Department of Commerce. The bill does not contain permanent authorizations. In some cases, programs "trigger off" when unemployment drops sufficiently.

The bill contains five different programs or methods to create new jobs and to maintain existing jobs, and to activate approved projects stopped because of unmanageable cost overruns or because of the inability of hard-pressed communities to meet local matching shares.

The bill authorizes $1,875,000,000 for obligation during fiscal year 1976. It amends the Public Works and Economic Development Act of 1965, as amended. Of the $1.875 billion, reliable estimates based on past program performance are that $745 million in outlays are projected for fiscal year 1976. The bill will create a total of nearly 100,000 jobs—and it will leave for the communities after the work is completed durable public facilities.

Mr. President, I am aware of two principal objections to this bill—to public works anti-recessionary legislation—the problem of increasing deficits and the so-called lead-time such projects require. I shall address these objections at a later point in these remarks.

First, the bill provides a new authorization of $750 million for the job opportunities program. The first authorization of $500 million became law on December 31, 1974, as an amendment to the emergency public service jobs legislation. Members may recall that an urgent appropriations bill enacted at the same time carried $125 million for the new job opportunities program. The Emergency Employment Appropriation Act, 1975, passed in the Senate last week, contained the appropriation of $375 million for the remainder of the authorization.

The first authorization covered calendar year 1975. Because more than 15,000 projects have been submitted to EDA totaling more than $3 billion, and because of the widespread enthusiasm for this program as a potent tool in reaching unemployed workers at all levels, a new authorization is vitally necessary for the fiscal year beginning July 1. This program complements the public service jobs programs. It may provide funds for construction materials and supplies for prime sponsor applicants under CETA. It provides funds for community improvement projects of the kind President Ford had in mind in his address to Congress last August.

I was pleased to see in the recent Joint Economic Committee economic report a recommendation for this program as one that—

could provide productive public sector job opportunities . . . now and stimulate the development of permanent private sector jobs later. (pp. 59–60)

The most important feature of the job opportunities program is that Federal agencies having a potential to impact our national unemployment sickness may with funds from this program expand their existing programs to put people to work. Project submissions to EDA earlier this year demonstrated a convincing potential for this approach.

Second, the bill authorizes $400 million for short-term, quick impact projects for construction, repair, or improvement of public facilities. This is modeled on EDA's successful public works impact program, PWIP, authorized during the recession of 1971. It is streamlined to improve its quick start potential. Projects must be approved within 60 days after initiation. Time-consuming designation procedures are eliminated. This special authorization will trigger off, however, if unemployment drops to 6.5 percent.

Within the same title—title I—an increase in the present fiscal year 1976 authorization for long-term public facility development of $250 million is increased another $250 million—to permit an expansion to accommodate the continuing need for this program at a time when EDA's eligible areas have increased dramatically.

Third, the bill expands EDA's business loan and guarantee programs from a fiscal year 1976 authorization of $75 million to $200 million. A significant new feature is an interest subsidy for working capital loans. EDA will be able with this new tool to assist many businesses to borrow working capital so as to weather the current crises.

Presently many businesses that have a history of stability and rehability are unable to get working capital—both because of the increasing risk from the banker's point of view and because of their inability to pay 12 to 15 percent interest. With both an interest subsidy and loan guarantee authority, EDA should be

its operations. It is sad to note that only several months ago this company was projecting a modest profit for 1975 after earning a small profit last year. Unfortunately, the current depressed state of the U.S. economy together with the extremely tight and critical credit situation forced REA into a cash squeeze from which it could not recover. I am told the company's revenues are down more than 30 percent from what they were at this time last year, reflecting the serious decline in the economy and rate increases brought on by inflation.

REA's current troubles are only the latest in a series of setbacks. A series of CAB decisions, commencing in December 1973, have threatened the very existence of air express service over the continued objections of the shipping public and a substantial majority of airlines. The most injurious decision was handed down by the Board in May of 1974 and in effect canceled REA's air express authority which it has held since 1938. Fortunately, that decision was not upheld by the U.S. Court of Appeals for the Second Circuit which on December 23, 1974, remanded the Board's decision back to the Civil Aeronautics Board for further consideration. I am sorry to note that as yet the Board has not taken action on the court's order.

Despite the court victory, however, the Board's action of 1974 created grave concern among shippers, hundreds of whom made their views known to the Court, and continues to jeopardize REA's credit position and corporate future.

REA air express service is the only means of insuring priority air transportation to small shippers, communities outside the main air cargo traffic lanes and shippers of live animals and other unique commodities. REA Express is the only company with experience in the operation and development of the air express service and has a compelling historical claim to participate in its future. Indeed, the livelihoods of 15,000 REA employees and REA's vital surface express service are directly tied to REA's ability to continue its air express operations.

This bill would recognize REA's historic right to furnish air express service and the overwhelming public interest in nationwide air express operations. It would accord REA Express "grandfather" rights to perform this service consistent with its 40-year record of achievement and would require the Board and the airlines to provide adequate service, equipment, and facilities to permit air express to be operated at rates consistent with its inherent economies. It would, in short, assure the shipping public that REA air express would continue to fulfill its vital role in meeting the present and future needs of the domestic commerce.

I point out that this bill in no way should be considered a bail out of REA with Federal funds or loans or guarantees. It is simply a statement of congressional policy that REA should be allowed to continue as an air exxpress carrier as it has done over the years. I hope that our introduction of this bill will provide additional assurance to REA, its employees, the shippers who use its services and its lenders that we believe that REA continues to serve an important transportation function in the United States despite the Civil Aeronautics Board's continuing attempts to regulate the firm out of business.

We wish REA all success in trying to overcome its current serious financial problems and we urge the regulatory agencies involved and the direct carriers who provide REA transportation services to do all they can to assist REA in the present emergency.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. PERCY, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1155. A bill to amend the Public Health Service Act to provide for inservice training of nursing home personnel. Referred to the Committee on Labor and Public Welfare.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1156. A bill to amend title VII of the Public Health Service Act to provide for the making of grants to schools of medicine to assist them in the establishment and operation of departments of geriatrics. Referred to the Committee on Labor and Public Welfare.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. BURDICK, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1157. A bill to amend title VII of the Public Health Act to provide for the making of grants to schools of medicine to assist them in the establishment and operation of continuing education programs in geriatrics for physicians. Referred to the Committee on Labor and Public Welfare.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. WILLIAMS, Mr. PERCY, and Mr. DOMENICI):

S. 1158. A bill to amend title VII of the Public Health Service Act to train certain veterans, with appropriate experience as paramedical personnel, to serve as medical assistants in long-term health care facilities. Referred to the Committee on Labor and Public Welfare.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1159. A bill to amend title VII of the Public Health Service Act to provide for the making of grants to appropriate colleges and universities to assist them in the establishment and operation of programs for the training of physicians' assistants. Referred to the Committee on Labor and Public Welfare.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1160. A bill to amend title VII of the Public Health Service Act to provide for the making of grants to appropriate colleges and universities to assist them in the establishment and operation of programs for the training of nurse practitioners to provide primary health care in nursing homes. Referred to the Committee on Labor and Public Welfare.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1161. A bill to authorize an experimental program to provide for care for elderly individuals in their own homes. Referred to the Committee on Finance.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1162. A bill to amend title XVIII of the Social Security Act to expand the definition of "provider of service" to include "day care center". Referred to the Committee on Finance.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. HUGH SCOTT, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1163. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of post-hospital home health services thereunder, to amend title XIX of such Act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes. Referred to the Committee on Finance.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. PERCY, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1164. A bill to amend title XIX of the Social Security Act to require any nursing home, which provides services under any State program approved under such title, to submit to the State agency administering such program a report of costs and a financial statement, both audited by a certified public accountant reflecting the operation of such nursing home. Referred to the Committee on Finance.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. PERCY, Mr. WILLIAMS, and Mr. DOMENICI):

S. 1165. A bill to authorize the Secretary of Housing and Urban Development to encourage and assist in the development on a demonstration basis of several carefully planned projects to meet the special health-care and related needs of elderly persons in a campus-type seting. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MOSS (for himself, Mr. CHURCH, Mr. WILLIAMS, Mr. PERCY, and Mr. DOMENICI):

S. 1166. A bill to amend title XIX of the Social Security Act to require any nursing home, which provides services under State plans approved under such title, fully to disclose to the State licensing agency the identity of each person who has any ownership interest in such home or is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such home. Referred to the Committee on Finance.

NURSING HOME REFORM

Mr. MOSS. Mr. President, my Subcommittee on Long-Term Care of the U.S. Senate Special Committee on Aging is in the process of releasing a 12-part report on nursing home problems. This report reflects more than 5 years work with

some 25 hearings and more than 5,000 pages of testimony. The report is entitled, "Nursing Home Care in the United States: Failure in Public Policy."

Our introductory report, issued last November, traced the growth of the nursing home field from $500 million in 1960 to $7.5 billion today. The report asserts that medicare and medicaid are ineffective and inefficient and that thousands of infirm aged are going without the care they need. It asserts further than the Department of Health, Education, and Welfare has been remiss in terms of setting and enforcing Federal standards. In addition, the policy of reducing benefits paid under medicare and medicaid has caused other major problems. Our second report dealt with the continuing litany of nursing home abuses and charged that 50 percent of U.S. nursing homes are substandard, with one or more life-threatening conditions. The next paper, describing shortcomings in controls on nursing home drugs, was released in January, and our most recent report charges that physicians devote inadequate attention to the needs of nursing home patients.

Other forthcoming reports, which are to be released monthly, will deal with issues such as the role of nurses in nursing homes, the role of nursing homes in caring for discharged mental patients, the profitability of the nursing home industry, the access of minority groups to nursing homes and positive aspects in long-term care. The 11th volume will offer industry and consumer reaction to our reports. The final volume will be an analysis of these comments and reactions to our reports along with our final findings and recommendations to the Congress.

Some people have taken this organizational plan to mean that we intend to introduce no legislation until the final report is released. This is not accurate. In fact, today I am introducing the first items in a 40-bill package designed to bring about substantive nursing home reforms. Overall, these bills fall essentially into six categories: First, new Federal minimum standards; second, new enforcement tools for the Department of Health, Education, and Welfare; third, training for physicians in the care of nursing home patients; fourth, measures tying nursing home reimbursement to the quality of care provided by long-term care facilities; fifth, a package of wider benefits for the elderly under medicare looking first to treat them in their homes with expanded home health services and, where this is no longer possible, authorizing day care and comprehensive nursing home coverage, and sixth, training programs for nursing home personnel.

Neither the bills I am introducing today nor the total 40-bill package constitute the complete or final reforms to be advanced. I will introduce still other bills and will be relentless in my insistence that HEW implement and enforce existing law in line with congressional directives. With respect to HEW's responsibility, I have some specific points in mind, including the following:

First. HEW must begin to enforce Federal law and regulations which prohibit nursing home operators from dominating State boards which license nursing home administrators.

Second. HEW must announce regulations implementing section 242 of Public Law 92-603, which makes offering or accepting a kickback a crime punishable by a $10,000 fine and a year in jail.

Third. HEW must announce and enforce regulations implementing my measure to require the disclosure of nursing home ownership. This law was enacted in 1967 to cover indirect as well as direct interests, but HEW has made no change in regulations. There is no uniformity in the way States keep these lists or in the information they contain. They are seldom available to the public as required by law.

Fourth. HEW must alter present regulations which limit access to home health services. Recent departmental statements indicate that these changes have been made but the budget for fiscal 1975 and proposed budget for fiscal 1976 remain the same. Medicare outlays for home health services next year are projected at $148 million or still less than 1 percent of medicare's $15.5 billion total.

The legislation to be introduced today follows:

TRAINING FOR NURSING HOME PERSONNEL

S. 1155. A bill to amend the Public Health Service Act to provide for in-service training of nursing home personnel.

Mr. President, our reports firmly establish that physicians have abdicated their responsibility for the care of the infirm elderly. Doctors are infrequent visitors to nursing homes. The result of the absence of the physician from the nursing home setting inevitably means a heavy reliance on the nursing staff.

But the term "nurse" is used rather casually within the context of U.S. nursing homes; it is applied to almost anyone in white garb. The fact is that there are only some 56,000 registered or professional nurses in America's 23,000 nursing homes. To complicate matters further, these professional nurses are increasingly tied up with administrative duties including filling out medicare and medicaid forms, showing prospective clients around the facility and ordering supplies. The result is that professional nurses spend comparatively little of their time tending to patients.

All of this means that 80 to 90 percent of the care provided in today's nursing homes is given by untrained aides and orderlies, sometimes hired literally off the street with no training or previous experience.

The example provided by the investigator of the Better Government Association who testified at Senate subcommittee hearings on nursing homes in Chicago is classic. He applied for a job as a janitor at a Chicago nursing home and within 20 minutes he had the keys to the narcotics cabinet on his belt and was at work passing medications.

I should add that the aides and orderlies that make up the bulk of nursing home personnel are generally paid the minimum wage. The work they perform is difficult, arduous, and unpleasant. It is little wonder to me that the turnover rate for these employees approaches 75 percent a year.

Most of these aides and orderlies have no formal training; they learn by doing through trial and error or by imitating the work of other aides. While many homes attempt to provide in-service training, they must do so out of their own pockets. They are increasingly reluctant to provide such training not only because of the cost but because of the rapid turnover. One aspect of this turnover is that aides with training and experience gained in the nursing home quickly leave for hospital work where the pay is higher.

With the impact of increasing unionization of nursing home employees, wages are rising. However, there remains no Federal training program of any significance which provides assistance in this vitally needed area of training nursing home personnel. My bill would provide such assistance.

More specifically, my bill authorizes grants to schools of nursing to establish in-service training programs—not to exceed 6 months—for these nursing home employees. My bill would authorize a modest $5 million for this effort over the next 2 years. I urge the enactment of this proposal.

ESTABLISHMENT OF DEPARTMENTS OF GERIATRICS OF MEDICINE

S. 1156. A bill to amend title VII of the Public Health Service Act to provide for the making of grants to schools of medicine to assist them in the establishment and operation of departments of geriatrics.

Mr. President, I introduce, for appropriate reference, a bill to provide grants to schools of medicine to establish departments of geriatrics.

This bill, which was introduced in the last two sessions, has received wide support from all quarters of the health care industry. It is an effort to attack what I have described as one of the five major problems in the field of long-term care—and that is the simple fact that physicians avoid the nursing home and do not view it as part of the medical continuum.

A 1960 report issued by the Subcommittee on Problems of the Aged and Aging of the Senate Committee on Labor and Public Welfare concluded that:

Management of patients in nursing homes by physicians is either lacking or inadequate.

Unfortunately, things have not changed very much since then.

Testimony received in past sessions by the Senate Subcommittee on Long-Term Care, indicate that doctors have little interest in nursing homes for a variety of reasons.

First, it is more difficult to deal with aged patients, many of whom cannot communicate with the physician.

Second, the staff of nursing homes is not trained in the same sophisticated degree as hospital staffs, which handicaps the physicians.

Third, most nursing homes are located some distance away from hospitals or

other health facilities, and it requires extra time for the physicians to travel to them.

Fourth, doctors tend to be "acute-oriented"—what I call the "Marcus Welby syndrome"—and prefer to treat younger patients in whom they can see marked improvement. "In a nursing home all you can do is postpone death" we were told.

Fifth, many doctors feel that it is depressing to visit nursing homes; that it is unpleasant to work with patients who are unstimulated, unresourceful and many of whom have been rejected by their own families.

Sixth, there is no organized medical staff in most nursing homes. There might be as many as 40 physicians serving a nursing home of 140 patients—each doctor a law unto himself with little knowledge about the patients of his fellow physicians and with no one in a position of ultimate responsibility for the care of patients on whom he can rely.

Seventh, payments are low for physicians visits under medicare and medicaid.

All of these facts are detailed in our third supporting paper, "Doctors in Nursing Homes: The Shunned Responsibility," issued on March 3. The report emphasized that the inevitable result of the absence of the physician from the nursing home setting is poor care. Poor care as it relates to physicians has many dimensions including:

No visits, infrequent, or perfunctory visits.

The telephone has become a more important medical instrument in nursing homes than the stethoscope.

No physical examinations, pro forma or infrequent examinations.

Some patients receive insulin with no diagnosis of diabetes.

Significant numbers of patients receive digitalis who have no diagnosis of heart disease.

Large numbers of patients taking heart medication or drugs which might dangerously lower the blood pressure, do not receive blood pressure readings even once a year.

Some 20 to 50 percent of the medications in U.S. nursing homes are given in error.

Less than 1 percent of all infectious diseases in the United States are reported—a special problem in nursing homes where patients have advanced age and lessened resistance. This fact was dramatically proven in 1970 when 36 patients died in a Salmonella epidemic in a Baltimore, Md., nursing home.

Physicians do not view the bodies of patients who have died in nursing homes before signing death certificates.

The root of the problem is, of course, that geriatrics has not developed as a specialty in this country. There is unimpeachable evidence that the medical problems of the elderly require separate and specialized education. This education is not readily available in the United States. My 1971 survey of schools of medicine in this country turned up the fact that only three schools have anything approaching a department of geriatrics. Our follow-up survey in 1974 indicated some progress; 13 schools were in the process of making geriatrics a specialty. However, all of these schools need financial help which my bill would provide.

I believe that we should establish departments of geriatrics in several medical schools. There is much we can learn from Great Britain and Sweden in this regard. Geriatrics is a specialty in Europe and it should be recognized as such in the United States.

I believe that my bill will stimulate the attention of the medical profession in problems of the aged in general and in problems of nursing home patients in particular. As a result, the quality of nursing home care will surely improve.

CONTINUING EDUCATION IN GERIATRICS FOR PHYSICIANS

S. 1157. A bill to amend the Public Health Service Act to provide funds to schools of medicine to establish continuing education programs for physicians in geriatrics.

Mr. President, I introduce for appropriate reference a bill amending the Public Health Service Act to provide continuing education in geriatrics for physicians.

I have just introduced a bill to help establish departments of geriatrics in schools of medicine. This bill is directed at the future generations of physicians. My Subcommittee on Long-Term Care has received abundant testimony and letters complaining that medical schools presently offer little emphasis on geriatrics in their curricula and that no continuing education programs exist.

I believe it is essential that continuing education programs in geriatrics be established for the present generation of physicians who are interested in updating or expanding their education.

My bill would authorize funds to schools of medicine specifically for this purpose.

TRAINING OF PARAMEDICAL PERSONNEL

S. 1158. A bill to amend title VII of the Public Health Service Act to train certain veterans, with appropriate experience as paramedical personnel, to serve as medical assistants in long-term health care facilities.

Mr. President, I offer, for appropriate reference, a bill to authorize grants to train certain veterans with appropriate experience as paramedical personnel—Medics—to serve as medical assistants in long-term care facilities.

This bill is offered as a way of ameliorating one of the major problems in the field of long-term care—the absence of the physician from the nursing home setting. I am discussing many of the reasons for the physician's absence in a statement I am making today in introducing my bill to provide grants to schools of medicine to establish departments of geriatrics.

However, I neglected to mention one important factor, because I felt it would be more appropriate to the discussion of legislation to train paramedical personnel. That is the well known fact that physicians are in very short supply, and therefore many of them are greatly overworked. This results in a particularly serious physician shortage in rural areas. The Congress has tried to remedy this shortage by using Federal grants, or by forgiving Federal loans, when medical students in training agree to practice later on for a given period in areas of greatest need.

The competition for the physician's time works a particular hardship on nursing homes. They do not fare well. To a certain extent, certain Federal policies under medicare tend to increase the problem.

Under medicare original regulations a physician was required to see patients every 30 days. This was not always honored, I regret to say. New rules now require physician visits every 30 days for the first 3 months and thereafter at the discretion of the physician but no less often than once every 60 days.

One solution to infrequent physician visits to nursing homes is to give medical corpsmen discharged from the armed services a concentrated course in the special needs of geriatric patients and then let them serve as medical assistants in nursing homes. My bill authorizes just that. It would authorize $2.5 million in fiscal 1976, and $5 million in the next 3 fiscal years. It is not a new concept and HEW has experimented with it to some degree. I find it totally sensible. I hope this bill will be enacted.

TRAINING OF PHYSICIAN'S ASSISTANTS

S. 1159. A bill to amend title VII of the Public Health Service Act to provide for the making of grants to appropriate colleges and universities to assist them in the establishment and operation of programs for the training of physicians' assistants.

Mr. President, I offer, for appropriate reference, a bill making grants to colleges and universities to assist them in establishing programs for the training of physicians' assistants. This bill represents an effort to increase the supply of physicians' assistants so they can help ease the shortage of physicians generally and specifically the shortage in nursing homes.

I define "physicians' assistants" as they are defined by the American Medical Association Committee on the subject:

> A skilled person qualified by academic and practical training to provide patient services under the direction of a licensed physician who is responsible for the performance of that assistant.

This bill is another segment of my efforts to upgrade the quality of medical care in long-term care facilities. Other bills I am introducing would help establish geriatrics as a specialty in this country, and train medical corpsmen in geriatrics so that they might assume some responsibility in nursing homes.

I also intend to introduce, in the future, a bill to provide for the training of a corps of nurse practitioners composed mainly of registered nurses who have completed two additional semesters of specialized work in geriatrics. These nurse practitioners could then be placed in charge of the medical care in long-term care facilities, subject to the overall control and responsibility of the physician under contract with the facility.

I believe that both physicians' assist-

ants and nurse practitioners, if trained in geriatrics, can do much to ameliorate the medical problems of long-term care facilities.

My present bill authorizes $10 million a year to qualify colleges and universities for the training of physicians' assistants. I hope we can take final action on it this session.

In principle it was included in Public Law 92–603, the social security amendments enacted in the 92d Congress, but only on a demonstration basis. The provision in Public Law 92–603 authorizes the Secretary to conduct experiments with the use of physicians' assistants and nurse practitioners and to make recommendations as to their future use. I am looking forward to the results of these demonstration projects, because I feel strongly that the effective use of nurse practitioners and physicians' assistants can mean marked improvement in the quality of medical care, particularly to the 1 million residents of our nursing homes.

S. 1160. A bill to amend title VIII of the Public Health Service Act authorizing the Secretary of the Department of Health, Education, and Welfare to make grants or enter into contracts with public or nonprofit private schools of nursing to develop programs for training nurse practitioners with specific emphasis on geriatrics and the care of nursing home patients.

Mr. President, through the years the Subcommittee has often heard the suggestion that professional nurses with certain additional training in geriatrics could assume a great portion of responsibility for the care of the elderly in nursing homes. This is based on the premise that the kind of medicine practiced in nursing homes is what is termed chronic maintenance as distinguished from complicated diagnostic or surgical procedures.

Nurse practitioners—that is, registered nurses licensed under State law who have completed a program of study such as presently developed by the American Nurses' Association—are more than qualified to provide primary health care. Among the duties they could perform are the following:

First. Obtaining a health history;

Second. Assessing health-illness status;

Third. Entering an individual into the health care system;

Fourth. Sustaining and supporting individuals who are impaired, infirm, ill, and undergoing programs of diagnosis and therapy;

Fifth. Managing a medical care regimen for acute and chronically ill patients within established standing orders;

Sixth. Assisting individuals in regaining their health;

Seventh. Teaching and counseling individuals about health and illness;

Eighth. Counseling and supporting individuals with respect to the aging and dying processes, and

Ninth. Supervising nursing assistants.

My bill would authorize the Secretary of the Department of Health, Education, and Welfare to provide grants, or enter into, contracts with schools of nursing practitioners with special emphasis on geriatrics and the needs of nursing home patients. I feel certain that this proposal, when enacted, will result in the immediate improvement in the quality of nursing home care.

S. 1161. A bill to authorize an experimental program to provide for care for elderly individuals in their own homes.

Mr. President, I introduce for appropriate reference a bill which would create an experimental program to subsidize the family for the care of their elderly in their own homes.

It has been my experience that most American families would prefer to maintain their elders at home if they could afford to do so. It is the inability to pay for the medical, nursing, and social needs of the elderly which often results in the families' decisions, however reluctant, to place a family member in a nursing home.

We have seen that the American family is more and more under attack in recent years. Industrial employment, the automobile and other factors have lead to the gradual disintegration of the American social phenomenon, the extended family. This fact has had severe repercussions in our Nation, on old and young alike.

The bill I propose today would help families to keep their loved ones at home. The proposal makes economic as well as sociological sense. If we as a nation are quite willing to pay an overage of $600 a month to keep someone in a nursing home, might we not be willing to pay $150 a month to a family to help maintain their elders in their own homes?

My bill applies with particular relevance to the needs of ethnic groups. A nursing home often is anathema to them, for many deep-rooted reasons. This proposal would help them meet their burdens.

I realize that there are drawbacks to the approach that I have suggested, and it is for this reason that I have proposed a limited experimental program. Armed with new experience, the Congress could legislate more effectively. Certainly, this idea is important and viable; it deserves a fair test.

S. 1162. A bill to provide for day care services for individuals eligible to enroll in the supplementary medical insurance program for the aged established under part B of title XVIII of the Social Security Act:

DAY CARE FOR THE ELDERLY

Mr. President, in the last two sessions of the Congress I have introduced legislation authorizing day care services for the elderly under part B of medicare. The proposal has its roots in the British system which has been widely acclaimed throughout the world.

In testimony before our subcommittee, British doctor, Lionel Z. Cosin noted the many advantages of day care. Working families could bring their elderly to a day care center where the elderly would receive therapy, nursing care, recreation, and other services. The most important aspect of this proposal is supervision. Working families would have the security of knowing that their elderly were being well cared for by day, and have the pleasure of their company after work and through the evening hours. In addition, many elderly living alone who are eligible for nursing home care could be maintained independently if day care services were avaliable.

If enacted this proposal would provide a viable alternative to institutionalization and would be greatly less expensive than nursing home care. Having introduced this proposal in the last two sessions of the Congress, I am particularly hopeful for its enactment during this session.

A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of post-hospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes.

Mr. President, I often receive letters asking me why the Congress will not enact legislation to enable senior citizens to remain in independence rather than going to a nursing home. Such letters, of course, must be answered with the rather unpleasant fact that the Congress has passed legislation for home health services but that the administration has not committed the funds to these programs. In terms of medicaid only $24 million was paid in 1972 for home health services with New York State spending $15 million or more than 60 percent of the program's total expenditures.

The medicare home health coverage is a little more complicated. But like medicaid there is the skeleton of the program but no real substance. Medicare's outlays for home health consistently run less than 1 percent of medicare's total outlays.

Home health care is provided under both part A and part B of medicare. Part A provides for home health benefits—up to 100 visits for each benefit period—after an individual has been hospitalized for at least 3 days, providing that a home health plan is established for the patient within 14 days of his transfer from a hospital or medicare skilled nursing facility. Moreover, individuals must be confined to their homes and a physician must certify the need for skilled nursing care or physical therapy. Speech therapy, occupational therapy, part-time services of a home health aide and medical social services are also authorized, subject to the continuous precondition that the patient qualify for skilled nursing care.

The definition of skilled nursing care in the home health setting has been as restrictive as applied in the nursing home setting. The result has been to keep the costs of the medicare home

health program down to their present minimal level and, perhaps, to deny millions of Americans the care they need.

Home health care is also provided under medicare part B, the supplementary medical portion of medicare. The same preconditions for eligibility are required except for prior hospitalization which is unnecessary to claim benefits under part B. The scope of coverage is the same with the potential of benefits ranging from the services of a home health aide to speech therapy. Benefits are restricted by the limitation of qualification for skilled nursing care. In fact, home health agencies are required as a condition of participation in the medicare program to provide skilled nursing, plus one additional service. In 75 percent of the cases the other service provided is physical therapy.

The lack of emphasis on home health care is particularly tragic in view of the dramatic cost savings—as opposed to nursing home care—which are possible in many cases. Mrs. Daphne Krause, executive director of the Minneapolis Age and Opportunity Center, provided the committee with numerous case examples illustrating sizable savings including the following:

The remaining question is what can be done to make in-home services a reality for older Americans. Most experts are of the opinion that HEW need only revise their regulations. Since HEW does not share this view, I have today joined with Congressman ED KOCH, of New York, in introducing this bill which mandates expanded home health services under both medicare and medicaid. Congressman KOCH is to be complimented for the research which preceded the introduction of this bill whose short title is the National Home Health Care Act of 1975. The bill's essential features are as follows:

Section 2 would allow unlimited home health visits, if necessary to maintain an individual outside of a hospital, nursing home, or other institutional facility, under part B of medicare's supplementary medical insurance. Under the current program, a patient is limited to 100 visits. Under the legislation, a patient would qualify for these services on the basis of specific criteria—eating, mobility, et cetera—in order to avoid abuses of claims for need. The Secretary of HEW would be required to promulgate regulations, based on the functional criteria listed in the bill to determine patients' eligibility for the provisions of the act. In addition, the payment given cannot exceed payments which would be provided if the individual were receiving institutional care.

A medicare doctor's recommendation of need would immediately be effective, but his affirmative recommendation would be reviewed within 30 days by a physician and two other health professionals.

Supportive services for Mrs. M. R. over 3 years by MAO:	
Meals, including delivery charges (2 meals a day, 7 days a week)	$3,385.00
Housekeeping services (3 services a month)	399.60
Counseling (average 1 a month)	324.00
Total cost of MAO services	4,008.60
Nursing Home costs for 3-year period (projected cost):	
$450 per month for 3 years	16,200.00
Less clients income of $115 per month for 3 years (client would be allowed to keep $25 a month for personal needs)	−4,140.00
Remaining cost to be paid by medicaid	12,060.00
Less cost of MAO services	−4,008.60
Total MAO saved the taxpayers over 3 years with respect to a patient ordered institutionalized	8,051.40

Section 2 would also expand home health services under medicare by adding a full range of services—not just doctor and nurse visits, but transportation and "homemaker" services—that is assistance in household tasks such as shopping, getting dressed and walking, in addition to such other services as the Secretary of HEW deems necessary to maintain an individual outside an institution.

Section 3 would increase the home health services of part A of Medicare's supplementary medical insurance, the provision covering post-hospital care, from 100 to 200 visits. In addition, correlative services would be provided identical to those in section 1.

Section 4 requires States to include home health services, including the full range of medical and correlative services as defined in Section 1, in order to qualify for Federal medicaid funds. The functional criteria and verification mechanism of section 1 apply here also.

Section 5 would permit State medicaid programs to cover payment of rent for elderly or disabled persons who would otherwise require nursing home care. The amount of payment will be the fraction of the total household represented by the elderly or disabled persons involved and is subject to a ceiling conforming with current standard for federally assisted housing.

Section 6 removes the $10,000,000 limitation in funding authorized under the 1974 HUD Act for demonstration projects for congregate housing for the elderly, the handicapped, and other groups.

The enactment of this bill would be a major step toward providing needed and appropriate health care for older Americans.

DISCLOSURE OF NURSING HOME COSTS

S. 1163. A bill to amend title XIX of the Social Security Act to require any nursing home, which provides services under any State program approved under such title, to submit to the State agency administering such program an annual report on the costs incurred in the operation of such nursing home.

Mr. President, I introduce for appropriate reference a bill to require nursing homes receiving Federal funds under title XIX of the Social Security Act to submit to the State agency administering the program an annual report of the costs incurred in the operation of such nursing home.

This bill is introduced in recognition of the fact that the taxpayers have a substantial interest in the nursing home industry. In fact, $1 out of every $2 in nursing home revenues come from the public coffers. By reason of this substantial contribution, which amounts to almost $8 billion yearly, the taxpayers are entitled to an accounting of how these funds are spent.

I have said many times that I believe the vast majority of nursing home administrators are honest, and that by and large nursing home rates are too low. On the other hand, there continues to be some indications that a few operators are growing rich at the expense of their patients.

This question of possible profiteering by some health providers is very inflammatory.

These facts have been amply detailed in our recent hearings in New York. In New York and elsewhere operators have been greatly reluctant to share their books and records with the committee. Only through the use of our subpena power were we able to secure the records that we needed for our study.

The results of our study to date indicate that some aspects of the industry are very profitable. For example, in our study of 106 publicly held corporations controlling 18 percent or the industry's beds—and one-third of the industry's 1972 total of $3.2 billion in revenues—indicated the following growth between 1969 and 1972: 122.6 percent in total assets; 149.5 percent in gross revenues; and 116 percent in average net income.

One recent HEW study, however, shows marginal rates of return in a sample of 228 nursing homes. Thus, the issue is far from settled. But a joint study—conducted by the General Accounting Office and the subcommittee—suggests increases in total assets, revenues, and profits for individual operators as well.

Significantly, GAO and HEW as well as various State agencies have been hindered by their inability to get information concerning nursing home costs and profits. In fact, only eight States now reuire nursing homes to file certified public accountant audited financial statements and few of these States provide any specific penalities for fraud or misrepresentation in connection with the filing of such statements.

The solution to this problem it seems to me, is simply to require every nursing home to file a financial statement with the State in which it is located. Some States have such a requirement at the present time, but it should be uniform, applying to every State. HEW and the GAO would have access to this material as a matter of course.

It would, of course, be impractical to audit each statement every year, but such statements, in my judgment, would qualify as documents affecting a person's rights to benefits. A false statement with intent to defraud would carry the 1 year in jail and a $10,000 fine now in section 242 of Public Law 92-603. If not, then false reports would qualify as "false re-

porting of a material fact as to conditions or operations of a health-care facility" which is a misdemeanor subject to up to 6 months' imprisonment, a fine of $2,000, or both.

Mr. HUGH SCOTT. Mr. President, I am pleased today to join as a prime sponsor of the National Home Health Act, S. 1163, a bill which I believe will go a long way toward solving the critical problems facing Pennsylvania nursing homes and nursing homes across the Nation.

In essence, this bill will encourage home health care for the elderly by requiring the inclusion of home health services in a State's medicaid program and by permitting rent payments for those elderly persons who would otherwise require nursing home care. In addition, the bill provides expanded Federal funding for congregate housing for the displaced and the elderly.

A recent report put out by the Health and Welfare Committee of the Pennsylvania House of Representatives points to some frightening statistics on the elderly in the Commonwealth. I will list just a few:

First. Pennsylvania's population of those 65 years of age and over is increasing rapidly. By 1980, it is expected to increase by 24 percent and constitute 13 percent of the State's total population. In 1930, those 65 and over represented only 5.3 percent of the State's total population.

Second. Over 296,000 or 23 percent of those 65 and over had incomes below the poverty level in 1970.

Third. Presently, 14 percent of those 65 and over have a net worth of under $1,000, 20 percent under $3,000, and 25 percent under $5,000.

Fourth. Approximately 13 percent of those 65 and over in Pennsylvania today are functionally disabled.

Fifth. There is presently a shortage of nursing home beds and the projected need for new beds by 1980 is 35,000.

Sixth. The cost of updating present nursing homes to meet the Life Safety Code standards and constructing new facilities by 1980 could easily exceed $1 billion.

Seventh. The annual cost to the various levels of government for health care and other related services in nursing homes by 1980 may exceed $800 million.

Obviously the need is great. And the problem is constantly being exacerbated by growing numbers of elderly requiring skilled nursing care and corresponding numbers of nursing homes which are closing.

The problem of nursing home care has been a grave one in Pennsylvania for some time now. In September of 1973, 11 residents died in a fire at the Washington Hill Nursing Home in West Philadelphia. A few short months later nine residents of the Caley Nursing Home in Wayne, Pa., died a similar death when a fire broke out in the 73-year-old facility.

Consequently, Pennsylvania nursing home residents face a multifaceted problem: Not only are there inadequate facilities, but many existing facilities are not in compliance with the Federal Life Safety Code, the code which sets standards for skilled nursing facilities. As of yesterday, there were over 7,000 on waiting lists for Pennsylvania county homes alone.

Since these two Pennsylvania fires, nursing home administrators in the Commonwealth have found it necessary to renovate their buildings to comply with this stringent code or shut down. Many opted for the latter approach rather than face required rebuilding or costly installation of fire detection equipment. This had the effect of reducing the already limited number of nursing home facilities available. Nursing home closings represent a horror to the elderly residents—closings mean relocation, a nightmare for these aged and often debilitated residents.

The aged and the infirm deserve better treatment than the current system of nursing home care is able to provide. They deserve care and understanding, love and simpathy which only family members can provide. This bill will encourage families to care for their aging mother or father in their homes and help them financially to do so.

I hope this proposal will receive the careful consideration of each of my colleagues and will be quickly enacted. But this bill really represents only the first step. The rest is up to the families of the elderly. I hope they will recognize that this bill is offered as a substitute for the impersonal care which nursing homes often represent and as an opportunity for families to get reacquainted.

NURSING HOME OWNERSHIP

Mr. MOSS. S. 1164. A bill to amend title XIX of the Social Security Act to require any nursing home, which provides services under State plans approved under such title, fully to disclose to the State licensing agency the identity of each person who has any ownership interest in such home or is the owner, in whole or in part, of any mortage, deed of trust, note, or other obligation secured, in whole or in part, by such home.

Mr. President, I introduce, for appropriate reference, a bill to require any skilled nursing facility or intermediate care facility receiving funds under title XIX of the Social Security Act to disclose to the State the identity of each person who has any ownership at all in the facility.

The present law requires that anyone with a 10-percent or greater interest in a skilled home or an intermediate care facility must disclose such interest. This provision has been avoided by a host of techniques such as by allocating a 9-percent interest in the name of family and friends, or by disguising ownership through the use of mortgages and deeds of trust.

This loophole in the law must be closed if the law is to be meaningful. The Governor's Commission on Nursing Home Problems in the State of Maryland concluded that under the existing law, it is impossible to find out who actually owns the State's nursing homes. The commission endorsed this bill, which was S. 2927 in the 92d Congress and S. 763 in the 93d, as a solution.

The ineffectiveness of the present ownership disclosure provisions was never more effectively proven than in our recent hearings in New York. Newspapers indicated that Dr. Bernard Bergman was the head of an empire of more than 100 homes. The State Health Department was somewhat more conservative, and the State Welfare Inspector General placed the number of his homes at 50. Dr. Bergman himself appeared before the subcommittee and testified under oath that he owned only two nursing homes.

I firmly believe the extent of any man's nursing home interests should not be a matter of conjecture. Accordingly, my bill simply asserts the public's right to know requiring the disclosure to the State of my interest in a nursing home, direct or indirect. The public's right to know obviously grows out of the fact that more than 50 percent of all nursing home revenues comes from the public coffers.

Mr. President, I ask unanimous consent to have printed in the RECORD the HEW's 1972 report on this bill (S. 2927 in the 92d Congress), together with the text of the 12 bills.

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

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., July 13, 1972.

Hon. RUSSELL B. LONG,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your request of December 21, 1971, for a report on S. 2927, a bill to amend Title XIX of the Social Security Act to require any nursing home, which provides services under State plans approved under such title, fully to disclose to the State licensing agency the identity of each person who has any ownership interest in such home or is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such home.

Present legislation provides that the State agency be apprised of full and complete information concerning the identity of any person having an ownership interest of 10 percent or more in any such nursing home. The proposed bill would (a) expand the present requirement to include persons having any ownership interest and (b) clarify the meaning of ownership by specifying persons who are owners of mortgages, deeds of trust, or other obligations.

The Department favors the principle of disclosure of information regarding nursing home ownership to the State agency, and would favor clarification of the meaning of ownership to include owners of mortgages, deeds of trust, notes, etc. We have no objection to the expansion of the present requirement to include persons having an ownership interest of less than 10 percent.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,
ELLIOT L. RICHARDSON,
Secretary.

S. 1155

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be cited as the "Nursing Home personnel In-Service Training Act".

SEC. 2. Section 805 of the Public Health Service Act is amended by redesignating subsections (b) and (c) as subsections (d) and (e), respectively, and by inserting the following after subsection (a):

"(b)(1) The Secretary may also make grants (not to exceed $100,000 per grant) to assist public or nonprofit private schools of nursing to meet the costs of developing short-term in-service training programs (not to exceed six months) for nurses aides and orderlies for nursing homes.

"(2) Such training programs shall emphasize the special problems of geriatric patients and include but not be limited to—

"(A) monitoring the well-being of the patient;

"(B) emergency procedures;

"(C) drug properties and interreactions;

"(D) feeding and cleaning of patients; and

"(E) fire safety techniques.

"(3) There are authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975, and $5,000,000 for the fiscal year ending June 30, 1976, to carry out the purposes of this subsection.".

S. 1156

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part E of title VII of the Public Health Service Act is amended by inserting immediately after section 775 the following new section:

"GRANTS FOR THE ESTABLISHMENT AND OPERATION OF DEPARTMENTS OF GERIATRICS

"SEC. 776. (a) The Secretary may make grants to assist schools of medicine in the establishment and operation, within such schools, of departments of geriatrics.

"(b) Grants under this section for any year shall not be made to more than six schools of medicine and the amount of the grants under this section to any school of medicine for any year shall not exceed $500,000.

"(c) Any grant under this section shall be made upon such terms and subject to such conditions as the Secretary shall prescribe.

"(d) There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section."

S. 1157

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part E of title VII of the Public Health Service Act is amended by inserting immediately after section 776 the following new section:

"GRANTS FOR THE ESTABLISHMENT AND OPERATION OF CONTINUING EDUCATION PROGRAMS IN GERIATRICS

"SEC. 776. (a) The Secretary may make grants to assist schools of medicine in the establishment and operation, within such schools, of continuing education programs in geriatrics for physicians.

"(b) Grants under this section shall be made only upon application therefor, and shall be made in such amounts and on such terms and conditions as the Secretary shall by regulations prescribe."

S. 1158

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part E of title VII of the Public Health Service Act is amended by adding after section 775 thereof the following new section:

"GRANTS TO DEVELOP PROGRAMS TO TRAIN CERTAIN VETERANS TO SERVE AS MEDICAL ASSISTANTS IN LONG TERM HEALTH CARE FACILITIES

"SEC. 776. (a) There is authorized to be appropriated $2,500,000 for the fiscal year ending June 30, 1976, and $5,000,000 for each of the next three fiscal years, to enable the Secretary to make grants to schools of medicine to assist such schools in meeting the costs of developing and conducting special training programs designed to prepare qualified veterans of the Armed Forces to perform services as medical assistants in long term health care facilities.

"(b) As used in subsection (a)—

"(1) the term 'qualified', when used in reference to any veteran, means an individual who is not a physician but who, while a member of the Armed Forces, performed (as his occupational specialty) duties which involved the provision of first aid and other medical services (whether under the direct supervision of a physician or otherwise) which, if performed by a physician, would be regarded as professional services; and

"(2) the term 'medical assistant' means an individual who is not a physician but who is qualified to perform first aid and certain other medical services (whether under the direct supervision of a physician or otherwise) which, if performed by a physician, would be regarded as professional services."

S. 1159

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part E of title VII of the Public Health Service Act is amended by adding at the end thereof the following new section:

"GRANTS FOR THE ESTABLISHMENT AND OPERATION OF PROGRAMS FOR THE TRAINING OF PHYSICIANS' ASSISTANTS

"SEC. 776. (a) There is authorized to be appropriated for each fiscal year (commencing with the fiscal year ending June 30, 1974, the sum of $10,000,000, to enable the Secretary to make grants to appropriate colleges and universities to assist them in meeting the costs of establishing and operating programs for the training of physicians' assistants.

"(b) As used in this section, the term 'physicians' assistant' means a skilled person qualified by academic and practical training to provide patient services under the direction of a licensed physician who is responsible for the performance of that assistant.

"(c) Any program with respect to which a grant is made under this section shall only accept students who—

"(1) are high school graduates, and

"(2) have substantial health care experience (such as, but not limited to, two years of experience as a medical corpsman, or equivalent position in the Armed Forces; or two years of experience as a registered nurse or as a licensed practical nurse).

"(d) Grants under this section shall be made only upon application therefor, and shall be made in such amounts and on such terms and conditions as the Secretary shall by regulations prescribe."

S. 1160

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part E of title VII of the Public Health Service Act is amended by adding at the end thereof the following new section:

GRANTS FOR THE ESTABLISHMENT AND OPERATION OF PROGRAMS FOR THE TRAINING OF NURSE PRACTITIONERS TO PROVIDE PRIMARY CARE IN NURSING HOMES

"SEC. 776. (a) The Secretary may make grants to and enter into contracts with public or nonprofit private entities for the purposes of developing or operating programs for the training of nurse practitioners with special emphasis on nursing homes and the care of the aged.

"(b) As used in this section, the terms 'programs for the training of nurse practitioners' means educational programs which meet guidelines prescribed by the Secretary in accordance with paragraph (c) and which have as their objective the education of nurses who will on completion of their studies in geriatrics be qualified to effectively provide primary health care.

"(c) On or before March 1, 1975, after consultation with appropriate educational organizations and professional nursing and medical organizations, the Secretary shall prescribe guidelines for programs for nurse practitioners. Such guidelines shall, as a minimum, require—

"(i) a program of classroom instruction and supervised clinical practice directed toward preparing nurses to deliver primary health care;

"(ii) a minimum course of study of one academic year of which at least four months must be classroom instruction; and

"(iii) a minimum level of enrollment in each year of not less than eight students.

"(d) No grant may be made or contract entered into to plan, develop, and operate a program for the training of nurse practitioners unless the application for the grant or contract contains assurances satisfactory to the Secretary that the program will upon its development meet the guidelines which are in effect under section (c) no grant may be made or contract entered into to expand or maintain such a program unless the application for the grant or contract contains assurances satisfactory to the Secretary that the program meets the guidelines which are in effect under such section.

"(e) For purposes of making payments under grants and contracts of this section there is authorized to be appropriated $5,000,000 for the fiscal year ending June 30, 1975 and $7,500,000 for the fiscal year ending June 30, 1976.

S. 1161

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XI of the Social Security Act is amended by adding at the end thereof the following new section: "AUTHORIZATION OF EXPERIMENTAL PROGRAM TO PROVIDE IN-HOME CARE FOR ELDERLY INDIVIDUALS

"SEC. 1121. (a) The Secretary is authorized to establish an experimental program of subsidation of families who agree to care for their dependents who are 65 years of age or older and who would otherwise require, because of physical or mental infirmities, the services of a skilled nursing home, in their own homes. Such subsidies may be made directly in the form of grants, to families who are determined, in accordance with regulations prescribed by the Secretary, to be eligible for assistance under this program.

"(b) Any grant under this section shall be made on such terms and conditions, and payments thereunder shall be made in advance or by way of reimbursement and in such installments, as the Secretary may determine to be appropriate to carry out the purposes of this section and protect the financial interests of the United States.

"(c) Any grant under this section shall be made only upon application therefor, submitted in such form and containing such information and assurances as the Secretary may by regulation require."

SEC. 2. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1975, and for each fiscal year thereafter, such sums as may be necessary to carry out the provisions of this Act.

S. 1162

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Elderly Day Care Center Act of 1975".

SEC. 2. Section 1861(u) of the Social Security Act is amended by inserting "day care center", immediately before "hospital".

S. 1163

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Home Health Care Act of 1975".

HOME HEALTH CARE UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 2. (a) Section 1832(a)(2)(A) of the Social Security Act is amended by striking out "for up to 100 visits during a calendar year".

(b) Section 1834 of such Act is amended to read as follows:

"CONDITIONS AND LIMITATIONS APPLICABLE TO HOME HEALTH SERVICES

"SEC. 1834. (a) Payment under this part may be made for home health services furnished an individual who is determined under regulations to be receiving such services wholly or partly as an alternative to institutional care in a skilled nursing facility or elsewhere, during any period, only if it is determined (in accordance with regulations) that the total amount of such payments is less than the total amount of the payments which would be made under this part during the same period for the corresponding services (and related care) furnished such individual if he or she were receiving such services in the form of (or as a part of) such institutional care.

"(b) In determining for purposes of this title whether an individual applying for or receiving payment for home health services would otherwise require institutional care in a skilled nursing facility or elsewhere, the Secretary shall specify criteria for eligibility including such individual's mobility, need for assistance in eating, behavior or mental condition, state of debility, incontinence, current physical rehabilitation needs, special dietary needs, and needs for medications, injections, intravenous and subcutaneous fluids, dressings and appliances, catherization (including irrigation), douches, enemas, colostomy irrigations, suctioning, oxygen, or other special assistance, and shall also specify such additional factors and criteria as he may deem necessary or appropriate to assure that only those individuals who would otherwise require skilled nursing facility or other institutional care will qualify to have payments made for home health services on their behalf under this part.

"(c) The Secretary shall within 90 days after the date of the enactment of this subsection promulgate such regulations as may be necessary to carry out this section, and such regulations shall be periodically reviewed and revised thereafter in the light of experience under this subsection."

(c) Section 1835(a)(2)(A) of such Act is amended to read as follows:

"(A) in the case of home health services, such services are or were required because (i) the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed (on an intermittent basis) nursing care or any of the other items or services referred to in section 1861(m), or (ii) the individual needed such services as an alternative to institutional care in a skilled nursing facility or elsewhere; and a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician;".

(d) Section 1835(a) of such Act is further amended by adding at the end thereof the following new sentences: "In the case of home health services, the initial recertification required by paragraph (2) where the services involved are furnished over a period of time (and any re-evaluation of the individual's need for skilled nursing facility or other institutional care) shall be made, within 30 days after the physician's original certification with respect to such services (or need), by a panel of at least three health providers (which shall include at least one physician, and may include one or more social workers, nurses, psychiatrists, psychoanalysts, and other qualified specialists) appointed in such manner as may be approved by the Secretary; and such panel shall thereafter review the need for and level of the individual's home health care at least twice each year (four times each year whenever feasible) so long as he or she is receiving (or claiming entitlement to have payment made for) such care. A finding by such panel that the initial certification or a previous recertification was erroneous or unjustified shall be considered for all of the purposes of this title, to be a determination of the Secretary (with respect to the items or services involved) under section 1862(d).".

(e)(1)(A) Section 1861(m)(4) of such Act is amended by inserting "or homemaker" after "home health aide".

(B) Section 1861(m) of such Act is further amended by adding at the end thereof the following new paragraphs:

"For purposes of paragraph (4), services of a home health aide include (in addition to other services normally provided by a home health aide) physical therapy, occupational guidance and therapy, nutritional guidance, family and personal counseling (including the provision of information concerning senior centers and nutrition centers), and such additional services as the Secretary deems reasonable and necessary to increase the individual's maximum rehabilitation potential within the home setting. The term 'home health aide' includes a nurse's aide and a qualified professional social worker as defined in regulations of the Secretary.

"For purposes of paragraph (4), services of a homemaker are services which are performed in the home of an aged, blind, or disabled adult individual to help such individual remain in or return to such home, maintain or strengthen his capacity for self-care, and maintain or raise his level of functioning in the areas of personal care and household management, when such individual is unable to perform such services by or for himself, whether or not such individual also requires the services of a home health aide or other specialist. Services of a homemaker include the performance for an individual of household tasks, transportation for medical visits and essential shopping and transportation to and from senior centers (as defined in title V of the Older Americans Act) and nutrition centers (as defined in title VII of such Act), essential shopping, and simple household repairs, assistance in outdoor walking, and other services furnished to an individual which are reasonably necessary (as determined under regulations) to maintain him outside of a hospital, skilled nursing facility, or other institutional facility.

"In any case where an individual who is hearing-impaired or blind would require institutional care, for reasons other than hearing impairment or blindness, if home health services were not made available under this title, the Secretary may include as a part of such home health services (and make payment under this title for) such special facilities and services in or around such individual's home as may be necessary to assure that he or she will not require institutional care solely because of the hearing impairment or blindness.

"Notwithstanding any other provisions of this title except those imposing limitations or requirements relating to cost, eligibility, or certification, the term 'home health services' includes (without regard to any of the preceding provisions of this subsection) any professional health services provided in an individual's home by a hospital or skilled nursing facility or its staff (including its physicians, nurses, social workers, therapists, technicians, home health aides, dieticians, and other personnel) as an alternative to institutional care, if such services do not qualify for payment (as outpatient hospital services or otherwise) under the other provisions of this title."

(2)(A) Section 1861(m)(2) of such Act is amended by striking out ", occupational or speech therapy" and inserting in lieu thereof "or occupational therapy, or speech pathology or audiology services".

(B) Section 1861(m)(5) of such Act is amended to read as follows:

"(5) medical supplies (including drugs and biologicals), the use of medical appliances, and the use of medical equipment (including hospital beds and wheel chairs) and other sick-room supplies (including salves, oils, powders, creams, lotions, sanitary napkins, and chucks) which would have been provided if the individual were receiving institutional care, while under such a plan;".

(3) Section 1862(a) of such Act is amended—

(A) by inserting "exclusive of homemaker services" after "custodial care" in paragraph (9); and

(B) by inserting "exclusive of homemaker services" after "household" in paragraph (11).

(f) The amendments made by this section shall apply with respect to items and services furnished after the month in which this Act is enacted.

POST-HOSPITAL HOME HEALTH CARE UNDER HOSPITAL INSURANCE PROGRAM

SEC. 3. (a)(1) Section 1812(a)(3) of the Social Security Act is amended by striking out "100 visits" and inserting in lieu thereof "200 visits".

(2) The first sentence of section 1812(d) of such Act is amended by striking out "100 visits" and inserting in lieu thereof "200 visits".

(b) Section 1814(a)(2)(D) of such Act is amended to read as follows:

"(D) in the case of post-hospital home health services, such services are or were required because (i) the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed (on an intermittent basis) nursing care or any of the other items or services referred to in section 1861(m), or (ii) the individual needed such services as an alternative to institutional care in a skilled nursing facility or elsewhere; and a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician; or"

(c) The amendments made by this section shall be applicable in the case of home health services provided under part A of title XVIII of the Social Security Act on visits which occur in one-year periods (described in section 1861(n) of such Act) which begin, in the case of any individual, after the date of enactment of this Act.

HOME HEALTH CARE UNDER MEDICAID PROGRAM

SEC. 4. (a) Subparagraphs (B) and (C)(i) of section 1902(a)(13) of the Social Security Act are each amended by striking out "clauses (1) through (5)" and inserting in lieu thereof "clauses (1), (2), (3), (4), (5), and (7)".

(b) Section 1902(a) of such Act is further amended—

(1) by striking out "and" at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (36) the following new paragraph:

"(37) provide that (A) in determining whether an individual is entitled to have payment made under the plan for home health care services as an alternative to institutional care, the condition specified in section 1834(a) (taking into account rent payments described in paragraph (17) (and the last two sentences) of section 1905(a) as

cost as payments for home health care services under paragraph (7) of such section) may be applied, and (B) in determining under the plan whether an individual applying for or receiving home health care services would otherwise require nursing home or other institutional care (i) the criteria specified in or under section 1834(b) will be utilized, and (ii) the verification procedures utilized will include recertification requirements substantially similar to those imposed by the next to last sentence of section 1835 (a)."

(c) Section 1905(a)(7) of such Act is amended by inserting before the semicolon at the end thereof the following: ", including visiting nurse services and any other home health services as defined in section 1861(m)".

(d) The amendments made by this section shall apply with respect to items and services furnished on or after the first day of the first calendar quarter which begins more than 60 days after the date of the enactment of this Act.

RENT PAYMENTS FOR THE ELDERLY AND HANDICAPPED UNDER MEDICAID PROGRAM

SEC. 5. (a) Section 1905(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (16);

(2) by redesignating paragraph (17) as paragraph (18);

(3) by inserting after paragraph (16) the following new paragraph:

"(17) rent payments on behalf of elderly and handicapped persons who would otherwise require institutional care;"; and

(4) by adding at the end thereof the following new sentences:

"For purposes of paragraph (17), the determination of whether an elderly or handicapped person would require institutional care without assistance in the form of rent payments shall be made (subject to the same verification procedures as those applied in determining need for skilled nursing facility or nursing home care generally) by a physician, utilizing the criteria specified in or under section 1834(b); and the amount of such payments (subject to a ceiling which shall be prescribed by the Secretary of Housing and Urban Development to conform with current standards for federally assisted rental housing) shall reflect the fraction of the total household represented by the elderly or handicapped person or persons involved. In any case where an elderly or handicapped person who would otherwise require institutional care owns his or her own home, mortgage payments and payments of repair and maintenance costs (with respect to such home) may be made under the plan in amounts up to the amounts which such person would receive pursuant to the preceding sentence if he or she were renting such home; and any payments under this sentence shall be considered rent payments for purposes of paragraph (17)."

(b) Section 1902(a)(13)(C)(ii)(I) of such Act is amended by striking out "(16)" and inserting in lieu thereof "(17)".

(c) The amendments made by this section shall apply with respect to items and services furnished on or after the first day of the first calendar quarter which begins more than 60 days after the date of the enactment of this Act.

HOME HEALTH PATIENT OMBUDSMAN

SEC. 6. Part C of title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"HOME HEALTH PATIENT OMBUDSMAN

"SEC. 1880. There shall be in the Department of Health, Education, and Welfare a Home Patient Ombudsman, who shall be appointed and provided with adequate staff and facilities by the Secretary. It shall be the duty and responsibility of the Ombudsman to monitor the programs under this title and the various medical assistance programs under State plans approved pursuant to title XIX, and to maintain such oversight of those programs and their operation and administration as may be necessary to (1) assure that home health patients under such programs are receiving the care to which they are entitled, (2) provide safeguards against overcharging for home health services, (3) identify abuses against home health patients, (4) receive, handle, and expedite complaints by home health patients, (5) recommend to the Secretary any changes in the regulations affecting home health services which may appear necessary or desirable, and (6) take appropriate action (including the transmission of findings to the Attorney General) with respect to abuses and violations of law affecting the provision or receipt of home health services under such programs."

FINANCIAL RESPONSIBILITY OF CHILDREN FOR PARENTS' NURSING AND HOME HEALTH CARE EXPENSES UNDER MEDICAID PROGRAM

INCREASE IN AMOUNT AVAILABLE FOR CONGREGATE HOUSING UNDER LOW INCOME HOUSING PROGRAM

SEC. 7. The proviso in the first sentence of section 7 of the United States Housing Act of 1937 (as amended by section 201(a) of the Housing and Community Development Act of 1974) is amended by striking out "not more than 10 per centum" and inserting in lieu thereof "not less than $10,000,000".

S. 1164

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1902(a)(28) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (E);

(2) by inserting "and" immediately after the semicolon at the end of clause (F); and

(3) by adding after clause (F) the following new clause:

"(G) submit, not later than 60 days after the close of any fiscal year of such nursing home, to the State agency a full and complete report disclosing all costs incurred for such fiscal year by such nursing home and a financial statement for such fiscal year. Both the cost report and the financial statement shall be audited by a Certified Public Accountant;".

SEC. 2. The amendment made by this Act shall become effective July 1, 1975.

S. 1165

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Campuses for the Elderly Act".

SEC. 2. For the purposes of this Act—

(1) The term "Secretary" means the Secretary of Housing and Urban Development.

(2) The term "skilled nursing home" means a facility which (A) meets requirements under title XIX of the Social Security Act, and (B) is equipped to accommodate at least 120 patients.

(3) The term "congregate living facility" means a facility which includes (A) one or more residential structures containing at least 100 dwelling units in the aggregate, and (B) one or more central dining facilities and such other shared facilities as may be approved by the Secretary to serve the needs of the residents.

(4) The term "rest home" means a health facility with nursing supervision conforming to criteria and standards prescribed by the Secretary for the accommodation of at least 100 patients.

(5) The term "multifamily residential facility" means one or more structures suitable for dwelling use by at least 100 elderly families (including single elderly persons) which meets standards and criteria comparable to those which are applicable to housing constructed with assistance under section 202 of the Housing Act of 1959.

(6) The term "community center" means a facility conforming to criteria and standards prescribed by the Secretary which provides such social, recreational, counseling, vocational, and other services as the Secretary may require to meet the needs of elderly persons in the community having due regard to the availability of existing services in the area.

(7) The term "elderly", used adjectively with reference to an individual or family, characterizes the individual or the individuals comprising the family as being at least 55 years of age.

SEC. 3. (a) In order to provide for the construction on a demonstration basis of "campuses for the elderly," the Secretary shall institute a program under which qualified organizations, public and private, will submit plans for the development of carefully conceived and innovative projects to meet the special health care, housing, and related needs of elderly persons in a campus-type setting. Each such project shall be designed to include in a complex of closely related structures a skilled nursing home, a congregate living facility, a rest home, a multifamily residential facility, and a community center. From among the plans submitted the Secretary shall select three which he determines are most promising in furtherance of the objectives of this Act. To the sponsors submitting the plans so selected, the Secretary shall award appropriate plaques and certificates for excellence in the design of health-care and related facilities for senior citizens.

(b)(1) For the purpose of assisting the owner-sponsor of a project designed in accordance with a plan selected by the Secretary under subsection (a), to finance debt service charges arising in connection with the development thereof the Secretary is authorized to make, and contract to make, interest subsidy payments to the holder of any mortgage covering such project and insured under section 232(i) of the National Housing Act. Such payments shall be in an amount not exceeding the difference between the monthly payment for principal, interest, and mortgage insurance premiums which the project owner as mortgagor is obliged to pay under the mortgage and the monthly payment for principal and interest such owner would be obliged to pay if the mortgage were to bear interest at the rate of 1 per centum per annum.

(2) The Secretary may include in the payment to the mortgagee such amount, in addition to the amount computed under paragraph (1), as he deems appropriate to reimburse the mortgagee for its expenses in handling the mortgage.

(3) As a condition for receiving the benefits of interest subsidy payments under this section, the project owner shall operate the project in accordance with such requirements as the Secretary may prescribe. In addition to establishing such requirements, the Secretary is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he deems necessary or desirable to carry out the objectives of this Act.

(4) There are authorized to be appropriated such sums as may be necessary to make interest subsidy payments under contracts entered into under this subsection. Payments pursuant to such contracts shall not exceed $15 million per annum.

(c) Section 232 of the National Housing Act is amended by adding at the end thereof the following:

"(i) The Secretary is further authorized to insure and to make commitments to in-

sure mortgages (including advances on mortgages during construction) secured by properties in projects to be carried out in accordance with plans selected by the Secretary of Health, Education, and Welfare under section 3(a) of the Campuses for the Elderly Act. Such insurance shall be provided in accordance with the provisions of this section subject to the following limitations and requirements:

"(A) Mortgage insurance shall be provided with respect to not more than three such projects each one of which is designed to demonstrate the feasibility of a particular plan.

"(B) The mortgage shall involve a principal obligation in an amount not to exceed $———, and not to exceed 100 per centum (90 per centum in the case of a mortgagor which is an entity other than a public body or nonprofit organization) of the estimated value of the project (including equipment to be used in the operation of the facilities comprising the project) when the proposed improvements are completed and the equipment is installed.

"(C) The Secretary shall approve the site of any project with respect to which mortgage insurance is provided under this subsection only after consultation with the Secretary of Health, Education, and Welfare, and regulations of the Secretary relating in any way to the facilities comprising any such project, or the operation thereof, shall be issued only after such consultation."

SEC. 4. (a) Not later than two years after plans selected by the Secretary for the development of demonstration "campuses for the eledrly" projects have been implemented with assistance under this Act, an evaluation of such projects shall be undertaken to determine their effectiveness and suitability in meeting the needs of elderly persons. Such evaluation shall be made by a committee consisting of the following members:

(1) three members of the Congress to be appointed jointly by the President of the Senate and the Speaker of the House of Representatives; and

(2) six members to be appointed by the Secretary, of which three shall be representatives of the medical profession and three shall be persons who have had experience in the administration of health-care facilities, both proprietary and non-proprietary.

The committee shall submit to the Secretary for transmittal to the Congress a report with respect to its findings and recommendations not later than 6 months after the date on which the committee is fully organized.

(b) The committee, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and general Schedule pay rates, may appoint and fix the compensation of such staff personnel as it deems necessary.

(c)(1) Any member of the committee who is appointed from the legislative branch of the Government shall serve without compensation in addition to that received in his regular employment, but shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the committee.

(2) Members of the committee, other than those referred to in paragraph (1), shall receive compensation at the rate of $25.00 per day for each day they are engaged in the performance of their duties as members of the committee and shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the committee.

(d) There are authorized to be appropriated such sums (not to exceed $70,000) as may be necessary to carry out this section.

(e) The committee shall cease to exist thirty days after the submission of its report.

S. 1166

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1902(a)(28)(A)(i) of the Social Security Act is amended to read as follows: "(i) of each person who has any ownership interest in such nursing home or who is the owner (in whole or in part) of any mortgage, deed of trust, note, or other obligation secured (in whole or in part) by such nursing home or any of the property or assets of such nursing home.".

SEC. 2. The amendment made by this Act shall become effective July 1, 1975.

Mr. WILLIAMS. Mr. President, I am pleased to join Senators Moss and CHURCH today in introducing 12 bills which are the first of a total of 40 expected to emerge from the comprehensive study of nursing home care by the Subcommittee on Long-Term Care of the Special Committee on Aging.

The subcommittee, of which Senator Moss is the able chairman and on which I am privileged to serve, is in the process of issuing a series of reports on the findings of its ongoing study. The bills introduced today are, I believe, an appropriate response to the concerns raised in those reports.

One area of particular concern which I share with Senator Moss involves the recent revelations of highly questionable and costly nursing home practices in New York State. I was appalled by testimony we heard when the subcommittee conducted a hearing in New York City, and I am pleased that the legislation introduced today addresses the need for strict accountability for expenditure of public funds.

But, in addition, there is also a pressing need for genuine reform in many aspects of long-term care for the elderly, and for training additional health professionals to deal with the specific problems of the elderly. These areas are also covered by the legislation.

In New Jersey, several nursing home investigations are now underway, and I am paying close attention to their findings. Clearly, wrongdoing and deficient levels of nursing home care must not be tolerated. But at the same time, it is important that the honest and concerned nursing home operator not be penalized for the failures of those who fall short of these standards.

Genuine reform is needed, and I believe the legislation advanced today can help us toward that goal.

Mr. CHURCH. Mr. President, for the past 5 years Senator FRANK E. Moss and the members of the Subcommittee on Long-Term Care in the Committee on Aging have conducted an extensive series of hearings into nursing home problems. To date, some 25 hearings have been held and more than 3,000 pages of testimony taken. These hearings have formed the major basis for a 12-volume report entitled: "Nursing Home Care in the United States: Failure in Public Policy." Four reports have been issued, and others are to follow at monthly intervals.

Under the terms of our original plan, the 11th volume in our series has been set aside for industry reaction to our reports, and the 12th report will contain our final recommendations to the Congress. This plan has led some people to believe that no legislation would be introduced before this November. This is not the case. As a matter of fact, I am joining Senator Moss today in introducing 12 bills directed at nursing home reform. Senator Moss has promised to introduce another 28 bills before the end of the month.

The bills we are introducing today fall essentially into six major categories, as follows:

First. Training for nursing home personnel.

Major provisions: Grants to schools of nursing for 6-month in-service training programs.

Prior to this bill, no Federal training program of any significance has been established to provide assistance in this vitally needed area of training nursing home personnel. This bill authorizes grants to schools of nursing to establish in-service training programs—not to exceed 6 months—for these nursing home employees—aides and orderlies.

Second. Two bills to further the training of M.D.'s in geriatrics.

Major provisions: One. continuing education programs in geriatrics be established for the present generation of physicians.

Two. To provide grants to schools of medicine to establish departments of geriatrics—directed at the future generation of M.D.'s.

We have introduced these bills in an effort to attack what has been described as one of the five major problems in the field of long-term care—that is the simple fact that physicians generally avoid the nursing home and do not view it as part of the medical continuum. I believe that this legislation will stimulate the attention of the medical profession in problems of the aged in general and in problems of nursing home patients in particular. As a result, the quality of nursing home care will surely improve.

Third. Three bills to provide for the training of paramedical personnel.

Major provisions: One. A bill to provide for certain veterans with medical experience (Medics) to serve as medical assistants in nursing homes.

Two. A bill to provide funds to colleges and universities for the training of physicians' assistants to work in nursing homes.

Three. A bill to provide training for nurse practitioners to provide primary care in nursing homes.

These bills are offered as a way of ameliorating one of the major problems in the field of long-term care—the absence of the physician from the nursing home setting. My bills will serve to augment physicians in nursing homes by providing geriatric training to paramedical personnel. I believe these bills will significantly improve the quality of care available in nursing homes.

Fourth. Three bills to provide expanded benefits for the elderly.

Major provisions: One. A bill to create an experimental program to provide for the care of the elderly in their own homes.

Two. A bill to authorize day care under part B of medicare.

Three. And most important, a bill to provide expanded home health services under medicare and medicaid.

These bills will help families keep their loved ones at home, providing an alternative to nursing home institutionalization. They will enable elderly Americans to remain at home and yet be provided with the opportunity for recreation, services, professional care, and medical care which up to now have been frequently denied them at home. I believe they will provide valuable alternatives not now available to our senior citizens.

Fifth. Two bills to create new Federal disclosure requirements for nursing home operators.

Major provisions: One. A bill to require nursing home operators to file CPA-audited cost and financial statements with the State.

Two. A bill to require operators to disclose to the State each and every ownership interest in a nursing home.

The provisions of these bills would enable State and Federal Government oversight of these highly subsidized operations, and provide specific penalties for fraud or misrepresentation in connection with the filing of such statements. It is my hope that these new requirements will be sufficiently flexible to meet rural as well as urban requirements.

Sixth. One bill authorizing the construction of special campuses for the elderly.

Major provisions: One. A bill to authorize the Secretary of Housing and Urban Development to encourage and assist in the development on a demonstration basis of several carefully planned projects to meet the special health care and related needs of elderly persons in a campus-type setting.

Many knowledgeable persons in the field consider the campus concept as the answer to the fragmentation of care which marks our present system.

A campus will include five elements: A skilled nursing facility; congregate living facilities; rest home with nursing supervision; apartments for senior citizens and a senior citizen center. This bill is designed to create demonstration projects to test these ideas in real life settings, incorporating the private sector in their design, construction and operation.

It is my hope that these bills can be quickly enacted. The Federal Government, which provides so much of the support for nursing home care, should also insist that such care be appropriate and be of high quality. These measures can help us toward those goals.

By Mr. ABOUREZK (for himself, Mr. HARTKE, Mr. HUMPHREY, and Mr. McGOVERN):

S. 1167. A bill to amend title 39, United States Code, to maintain and extend rural mail delivery service, to be called the Uniform Mail Delivery Act. Referred to the Committee on Post Office and Civil Service.

Mr. ABOUREZK. Mr. President, when Congress passed the Postal Reorganization Act, the commitment to free daily rural mail delivery was unmistakable:

> The postal service shall provide a maximum degree of effective and regular service to rural areas, communities, and small towns where the post offices are not self-sustaining. . .

On behalf of Senator HARTKE, HUMPHREY, McGOVERN and myself, I am today proposing that the Congress give substance to that commitment by extending daily driveway delivery service to over 200,000 families who do not now receive it.

Presently, these people—who live one-half mile or more from an existing rural route—must drive to town or to the rural route, sometimes dozens of miles every day, just to receive the mail which the rest of us have delivered to our doorsteps or driveways. Thousands of other rural Americans currently receive mail only every other day.

Rural people, unlike their city cousins, depend on the mail for daily and weekly newspapers, commercial deliveries, and much of the news that city people can find out with a local phone call. Tri-weekly service, or no service at all, is a particular hardship to them, and adds to the feeling many rural families have of being cut off from the life of the Nation.

Recently I heard from 12 rural families who live along a stretch of road 6½ miles long near Eureka, S. Dak. Because the rural carrier would have to drive 13 miles round trip to serve these 12 families, exceeding the one-box-per-mile ratio, each of the 12 must drive daily to the rural route to pick up their mail.

If these families are evenly spaced along the road, I calculate that they must collectively drive 84 miles every day, to accomplish what a single rural route driver could do by driving 13 miles. If we are serious about conserving gasoline, let alone living up to the rhetoric of the Postal Reorganization Act, it would be imperative to provide driveway mail service to people like this.

In the previous Congress, legislation similar to the uniform mail delivery act was introduced by Representative John Zwach, of Minnesota. This year-Representative CARL PERKINS, of Kentucky, introduced a similar bill, H.R. 2611. Their efforts have, I believe, made the Postal Service more aware of the problems rural Americans are facing. I believe that they helped prompt the Postal Service to revise, last August, the ratio, which previously allowed rural delivery only if there were three families every 2 miles of round trip driving.

Now, happily, the ratio is one box per mile. The Rural Letter Carriers Association estimates 100,000 customers are newly eligible for service at what seems to me a modest increase in cost—$7 or $8 million according to one Post Office study last year.

The Postal Service has said that it is unable to estimate the cost of delivering mail to people not now served, such as those included under the provisions of this bill. They have calculated the miles of passable roads not now served, arrived at the total 775,000, and extrapolated that it would cost about $184 million to drive these 6 days a week.

Since it is inconceivable that every mile of road would have a mailbox on it, or would have to be driven to reach one, the cost of this bill would be well under the $184 million figure.

According to the Rural Letter Carriers, there are about 4,000 families who receive mail only 3 times per week. Six-day service for these people would cost an estimated $550,000. This seems to me little to pay to end the discrimination against this small number of people who depend on the mail for daily news.

I am under no illusions that providing this rural free service will be cheap. Everyone knows that there are not extra millions of dollars hanging around post offices to extend their routes. Everyone knows that most postal employees have no spare time to drive out into the country to serve extra customers.

But hardly a day goes by that Senators do not receive a complaint about the Postal Service. It is clear that the Postal Reorganization Act has not worked as we had hoped, both from the point of view of quality of service and of cost. This bill addresses one area of service, which I believe deserves attention and action.

This is by no means an answer to the postal problems. The last thing needed is to put politics back in the Post Office. We need, however, to reexamine the financing and apparent deterioration of some services. Perhaps a subsidy from general revenues will be necessary. We should certainly look into ways to enable the Postal Service to provide the services people need, whether they pay for themselves directly, or only indirectly, in promoting national unity, commerce and participation.

The people who live in the most rural locations, especially, have been getting the short end of the stick in many ways. I believe that they should be entitled to the daily home mail delivery which the rest of us take for granted.

I ask unanimous consent that the text of the Uniform Mail Delivery Act be printed in the RECORD.

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

S. 1167

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 403(b)(1) of title 39, United States Code, is amended by inserting immediately before the semicolon at the end thereof the following: ", including, as provided by section 3661(d) of this title, an efficient rural mail delivery service sufficient to serve the needs, insofar as practicable, of the entire rural population of the United States".

(b) Section 3661 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(d)(1) The Postal Service shall maintain a rural delivery service for the free daily delivery of mail serving as nearly as may be practicable the entire rural population of the United States. In carrying out the purposes of this subsection, the Postal Service shall extend rural delivery service, without regard to the number of families residing in a specified area, to the driveway or other entrance to the property of residence of each person desiring such service who resides on or near any road—

"(A) which is in good condition,

"(B) which is maintained in good condition, and

"(C) which is unobstructed by gates or by unbridged streams which are not fordable at all seasons of the year.

"(2) For purposes of this subsection, the term 'daily' means each day of the week except Sunday and such holidays as the Postal Service may determine to exclude.".

SEC. 2. The amendments made by this Act shall become effective on the first day of the second calendar month commencing after the date of enactment of this Act.

By Mr. STEVENS (by request):

S. 1168. A bill to regulate commerce and protect consumers by requiring improved safety assurance measures in food manufacture and distribution and registration of producers of food. Referred, by unanimous consent, jointly to the Committee on Labor and Public Welfare and the Committee on Commerce.

FOOD SAFETY ASSURANCE AMENDMENTS OF 1975

Mr. STEVENS. Mr. President, I am today introducing the Food Safety Assurance Act on behalf of the following organizations: National Canners Association, Biscuit and Cracker Manufacturers Association, National Cottonseed Products Association, National Fisheries Institute, National Soybean Processors Association, National Association of Margarine Manufacturers, American Frozen Food Institute, Millers' National Federation, American Meat Institute, American Spice Trade, Milk Industry Foundation, United Fresh Fruit and Vegetable Association, National Association of Food Chains, National Association of Retail Grocers, Institute of Shortening and Edible Oils, and the Florida Canners Association.

This bill has been developed as an alternative to S. 641, a bill to regulate commerce and protect the consumer from adulterated food. I personally take no position on the merits of one bill as opposed to the other. I do feel, however, that when hearings are held both bills should receive consideration.

There is one problem which I see with both bills as presently written—that is the Federal preemption of State regulations with respect to food labeling. In the State of Alaska there are products such as muktuk and seal oil which are canned for use only within the State. These products have been used by the Eskimos for centuries, but there is certainly no effort underway to develop an interstate market for these items. I strongly feel that State law and regulation should govern products such as this. There is no compelling argument for stringent federally imposed regulations covering labeling for contents or nutritional value. I would hope that the committee will carefully consider this matter as work continues on proposed legislation to provide consumer safety standards in the food industry.

Mr. President, I ask unanimous consent that the bill I have introduced, the Food Safety Assurance Amendments of 1975, be jointly referred to the Committee on Commerce and the Committee on Labor and Public Welfare.

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

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

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

S. 1168

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Food Safety Assurance Amendments of 1975".

TITLE I—SAFETY ASSURANCE SYSTEMS

SEC. 101. Chapter IV of the Federal Food, Drug, and Cosmetic Act is amended by adding at the end thereof the following new section:

"SEC. 410. (a) Any person who operates any establishment in which food is processed (hereinafter referred to as a 'food processor') shall develop a safety assurance system for such establishment, unless he is exempted by the Secretary pursuant to subsection (c) of this section, or is otherwise exempt under the provisions of section 413. Such system shall be set forth in writing and accessible to the Secretary within 12 months of the date of enactment of this section in such manner and simplified, efficient format as the Secretary shall prescribe. In developing such system a food processor shall, to the best of his ability—

"(1) identify those control points in the food processing operation carried out by any establishment operated by him where he determines adequate controls are required to assure that food produced in such establishment will not be unsafe or rendered injurious to health;

"(2) identify the hazards determined by him to be associated with each such point;

"(3) establish controls which he determines are adequate at each such point; and

"(4) establish monitoring of the controls which he determines is adequate at each such point.

"(b) The safety assurance systems developed under subsection (a) of this section shall be reviewed, and appropriate revisions made, at least annually, by the food processor involved.

"(c) A food processor shall be exempted from the requirements of this section if the Secretary finds by regulation that the establishment or type of establishment operated by such processor is unlikely, because of the nature or volume of its food processing, to create or contribute to a significant risk that food processed therein will be unsafe or rendered injurious to health.

"(d) As used in this section 'safety assurance' includes and is limited to those processing factors which bear upon whether a food will be unsafe or rendered injurious to health within the meaning of this Act."

SEC. 102. Section 301 of the Federal Food, Drug, and Cosmetic Act is amended by adding at the end the following new subsection:

"(q) The failure to develop, set forth in writing, or make accessible to the Secretary safety assurance systems as required by section 410 of this Act."

TITLE II—SAFETY ASSURANCE STANDARDS

SEC. 201. Chapter IV of the Federal Food Drug, and Cosmetic Act is amended by adding the following new section:

"SEC. 411. (a) If the Secretary finds that any food (or class of food) is being processed in a significant number of establishments in such a manner as to present an unreasonable risk that the food will be unsafe or rendered injurious to health within the meaning of this Act, he shall promulgate regulations or amendments to existing regulations establishing a safety assurance standard for the processing of such food (or class of food) in order to reduce or eliminate such risk. Such standard shall specify the food or class of food in question, the nature and scope of the risk found to exist, and the procedures, including sampling plans, found necessary for the reduction or elimination of such risk.

"(b) Regulations under this section shall be promulgated in accordance with section 553 of title 5, United States Code, except that the Secretary shall—

"(1) provide an opportunity for the oral presentation of data, views, and argument on any proposal for such regulations and have a transcript kept of any such oral presentation;

"(2) make and publish appropriate findings with respect to (A) the nature and scope of the risk referred to in subsection (a), (B) the procedures specified in the standard deemed necessary to reduce or eliminate such risk, and (C) the probable effect of such standard upon the cost and availability of such food; and

"(3) publish an adequate statement of reasons of the need and basis for the provisions adopted, including responses to objections and comments of interested persons.

An order promulgating regulations or amendments to regulations under this subsection shall be subject to judicial review in accordance with section 701(f) of this Act.

"(c) Any person or group of persons may petition the Secretary for an amendment of or exception to any safety assurance standard so as to permit the use of procedures other than those specified in the standard. Upon a showing that any alternative procedure is equally or more effective than the procedure specified in the standard, the Secretary shall approve the requested amendment or exception. If such a petition is submitted (1) with respect to a safety assurance standard that has been published as a proposal pursuant to subsections (a) and (b), and (2) within 30 days after such publication, then the Secretary shall take final action on such petition at the time that he issues a final order with respect to the proposed safety assurance standard, and such actions shall be reviewable in the same manner as the standard."

SEC. 202. (a) Section 301 of the Federal Food, Drug, and Cosmetic Act is amended by adding the following new subsection:

"(r) The failure to comply with an applicable safety assurance standard established pursuant to section 411."

(b) Section 402 of such Act is amended by adding the following new subsection:

"(f) If it was processed other than in compliance with an applicable safety assurance standard established pursuant to section 411."

TITLE III—REGISTRATION OF PRODUCERS OF FOOD

SEC. 301. Chapter IV of the Federal Food, Drug, and Cosmetic Act is amended by adding at the end thereof the following section:

"SEC. 412. (a) Within 90 days after the initial promulgation of regulations under this subsection each food processor shall prepare and submit to the Secretary a registration statement which shall include his name; principal place of business; the location of each establishment operated by him; and, for each such establishment, a complete list, in such form as the Secretary shall by regulation prescribe, of all classes of foods processed therein. The Secretary may promulgate regulations defining classes of foods to promote uniformity and expeditious administration with respect to such registration.

"(b)(1) Any person, upon first engaging in the processing of food in any establishment which he operates in any State, shall within 30 days after first engaging in such process-

The MCPL Education Fund

Suite 316, 201 Massachusetts Avenue, N.E., Washington, D.C. 20002
(202) 544-4250

NEW DIRECTIONS IN UNITED STATES FOREIGN POLICY, DEFENSE POLICY, AND ARMS CONTROL POLICY

Summaries from the Members of Congress for
Peace Through Law Education Fund
Speakers Series in 1976
under the direction of

Congressman John F. Seiberling
President
MCPL Education Fund

BOARD OF DIRECTORS: Representative John F. Seiberling, *President* • C. Maxwell Stanley, *Vice President* • Robert E. Meyerhoff, *Secretary-Treasurer* • Mortimer M. Caplin, Esq. • Joseph S. Clark • Senator Mark O. Hatfield • Joseph M. Segel
STAFF: Sandford Z. Persons, *Executive Director*

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REPRINTS

Those who wish to have reprints should write Dr. Barry R. Schneider, care of the MCPL Education Fund, Suite 316, 201 Massachusetts Avenue, Washington, D.C. 20002 or call (202) 544-4250.

ABOUT THE MCPL EDUCATION FUND

The MCPL Education Fund is a non-partisan, non-profit charitable and educational corporation dedicated to:

* Substituting law for war in human society.
* Improving and developing institutions for just and peaceful settlement of international disputes
* Strengthening the United Nations and other international institutions.
* Reducing world armaments.
* Advancing human rights and equal justice under law for all peoples.
* Developing a global economy where every person enjoys the material necessities of life and a reasonable opportunity for the pursuit of happiness.

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MCPL EDUCATION FUND SPEAKERS SERIES

ON NEW DIRECTIONS IN FOREIGN POLICY, DEFENSE POLICY, AND ARMS CONTROL POLICY

Speaker	Subject	Date
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James Schlesinger	NATO and the Warsaw Pact Challenge	February 18
Paul Warnke	The Need for Alternative U. S. Defense Policies	February 24
Jeremy Stone	Nuclear First Use and U. S. Decision-Making	February 25
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Graham Allison	Improving U. S. Foreign Policy Decisions: Some Highlights from the Murphy Commission Report	April 28
Zbigniew Brzezinski	Premises and Priorities in U. S. Foreign Policy	May 19

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United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

Vol. 122 WASHINGTON, TUESDAY, MARCH 9, 1976 No. 33

House of Representatives

MCPL EDUCATION FUND LECTURE SERIES ON NEW DIRECTIONS IN ARMS CONTROL AND DEFENSE POLICY

Mr. SEIBERLING. Mr. Speaker, starting last month, the MCPL education fund has been conducting a series of afternoon lecture-discussion seminars to which all Members of Congress and senior congressional staff have been invited. Each seminar consists of a half hour presentation by an expert on some aspect of arms control or defense, followed by an hour long question and answer and discussion period.

A complete list of the subjects and speakers and the dates on which they spoke or are scheduled to speak follow these remarks. A glance at the list will show the very broad-ranging nature of these discussions and the diverse points of view represented by the speakers.

It is not the purpose of the series to produce any specific legislative result but to contribute to a better understanding of the very complex issues involved in defense and arms control and related foreign policy matters. One of the immediate beneficial effects of the series should be a much better informed discussion among Members of Congress during debates on the budget resolution and defense authorization and appropriation bills.

While the education of Congress provides the format for the series, it is intended that summaries of the lectures and discussions be given widespread dissemination to citizens' organizations and the general public. With these aims in mind, I intend to offer a summary of each of the lectures and discussions for inclusion in the CONGRESSIONAL RECORD.

Today, I offer the summary of the first such lecture discussion, which took place on February 4. The speaker was Dr. Kosta Tsipis of the Center for International Studies of the Massachusetts Institute of Technology. Dr. Tsipis is recognized as one of the leading experts on the subject of cruise missiles, and his talk dealt with the arms control effects of cruise missiles, particularly long-range cruise missiles.

Dr. Tsipis raised some extremely serious questions as to the wisdom of proceeding with the development of long-range cruise missiles, particularly sea launched cruise missiles. It was his view that once testing by the U.S. Navy of the sea launched cruise missile is completed, it may well be impossible thereafter to monitor the number of missiles that could be deployed, thus rendering meaningless the SALT numerical limits on ballistic missiles.

The text of Dr. Tsipis' talk and a summary of the discussion follows these remarks.

MEMBERS OF CONGRESS FOR PEACE THROUGH LAW EDUCATION FUND SPEAKERS SERIES FOR FEBRUARY, MARCH, AND APRIL, 1976

All Members of Congress and senior staff persons are invited to attend the speakers series listed below. Staff persons should coordinate with Barry Schneider at 544-4250. Sessions will begin with a 15-20 minute opening presentation followed by discussion and questions. Each session will run from 4 p.m. until 5:30 p.m. Questions outside the announced topic are encouraged.

TUESDAY-WEDNESDAY SERIES

Speaker, subject, date, and room

Kosta Tsipis, Arms Control Effects of Cruise Missiles, Feb. 4, H-122 Capitol.

James Schlesinger, NATO and the Warsaw Pact Challenge, Feb. 18, 2325 RHOB.

Paul Warnke, The Need for Alternative U.S. Defense Policies, Feb. 24, H-122 Capitol.

Jeremy Stone, Nuclear First Use & U.S. Decision Making, Feb. 25, H-122 Capitol.

John Finney, Which Way for the U.S. Navy Aircraft Carriers?, Mar. 2, H-122 Capitol.

Herbert Scoville, Jr., SALT & Deterrence: The Imapct of New U.S. Strategic Programs, Mar. 3, H-122 Capitol.

Homer Jack, Disarmament Programs: The U.S. at the U.N., Mar. 9, H-122 Capitol.

Marshall Schulman, U.S.-Soviet Relations: A Report on the 25th Communist Party Congress, Mar. 10, H-122 Capitol.

Milton Leitenberg, Nuclear Threats & U.S. Soviet Relations, Mar. 16, H-122 Capitol.

Richard Garwin, The Impact of New Technologies on U.S. Defense & Arms Control Policies, Mar. 17, H-122 Capitol.

Herbert York, Tactical Nuclear Weapons & Some "Safe" Unilateral U.S. Arms Control Options, Mar. 23, H-122 Capitol.

Thomas Halsted, The Unfinished Agenda of Arms Control & Disarmament: SALT, MBFR, CCD, NPT & CTB, Mar. 24, H-122 Capitol.

Barry Blechman, Alternative Futures for the U.S. Navy, Mar. 30, H-122 Capitol.

Seymour Melman, The Impact of Defense Spending on the U.S. Economy, Mar. 31, H-122 Capitol.

Joseph Sisco, Alternative Strategies for Achieving a Meaningful Peace in the Middle East, Apr. 6, H-122 Capitol.

McGeorge Bundy, The Strategic Arms Race and SALT; also, How to Better Organize the National Security Decision-making System, Apr. 7, H-122 Capitol.

Drew Middleton, Conventional War with the Warsaw Pact: Could NATO Win? Apr. 27, H-122 Capitol.

Graham Allison, Improving U.S. Foreign Policy Decisions: Some Highlights from the Murphy Commission Report, Apr. 28, H-122 Capitol.

MCPL EDUCATION FUND* LECTURE SERIES ON NEW DIRECTIONS IN ARMS CONTROL & DEFENSE POLICY

Summary of a Discussion on

"The Arms Control Effects of Cruise Missiles"

(By Dr. Kosta Tsipis, Center for International Studies, Massachusetts Institute of Technology)

SUMMARY RECORD OF PROCEEDINGS

In his prepared remarks, Dr. Tsipis wished to address only the arms control aspects of cruise missiles, and presumed that all members of the audience were familiar with the cruise missile program. He made several points:

1. The two long-range versions of cruise missiles now under development in the U.S. by the Navy and the Air Force do not perform any new military missions, and do not do a better job of performing any of the old ones.

2. If strategic (long-range) cruise missiles were not to be included under the numerical SALT ceilings for intercontinental missiles, any numerical limit on ballistic missiles set by SALT would be meaningless. What would be the point of having limits of 2000 or so ballistic missiles, while leaving open the possibility of deploying tens of thousands of relatively cheap cruise missiles that can carry the same warheads over comparable ranges?

3. If we deploy strategic cruise missiles, we are expanding the Triad of manned bombers, land-based missiles, and ballistic missile submarines into a "quartet." In terms

*The MCPL Education Fund is an educational affiliate of Members of Congress for Peace through Law.

of arms control, this proliferates strategic weapons within the U.S. armed forces, thus increasing the possibility of accidents. Also, the construction of a fourth system is clearly provocative to the Soviet Union, and we must face the possibility of a Soviet countermove.

4. This Soviet countermove could take either, or both, of two forms:

a. It could be an upgrading of presently deployed Soviet air defense system, thereby obviating not only the utility of these subsonic cruise missiles, but threatening the survivability of our penetrating bombers.

b. It could be a counter-deployment of their own long-range modern cruise missiles. In view of the fact that the U.S. currently does not have an air defense system, such a deployment would be a real added danger for us. This could cause U.S. military leaders to demand the erection of a thick air defense system to protect us from cruise missiles at a cost of several tens of billions of dollars over a period of 10 years.

5. It would be self-defeating to insist on deploying the tactical version of the SLCM since it looks identical to the strategic version and therefore it is impossible to differentiate the two by unilateral means of inspection (satellite reconnaissance) either during development testing or during deployment and training). Thus any arms control agreement incorporating numerical limits that cover cruise missiles will be impossible to verify.

The absence of secure verification would create the opportunity of accusation and counter-accusation for non-compliance that could be exploited by opponents of arms limitation on both sides, an occurrence we are currently experiencing vis-a-vis SALT I.

6. A deployment of Sea Launch Cruise Missiles aboard U.S. submarines will force the subs to penetrate close to the shores of the Soviet Union. We are building TRIDENT so that our subs can stand off from these shores, in an effort to increase the invulnerability of our sea-based deterrent. The wisdom of exposing a previously safe portion of the deterrent to additional dangers is questionable. The prospect of deploying these nuclear-tipped strategic weapons on hunter-killer submarines is destabilizing and crisis-inducing since the approach of such a submarine to the Soviet coastline, now considered normal patrolling, would be viewed by the Soviets as a threat to inland targets.

7. Cruise missile deployments will encourage the horizontal proliferation of nuclear weapons. States such as Brazil and Iran that are capable of developing nuclear weapons would find the prospect more attractive if it were possible to have a cheap, long-range delivery system. They could either build their own, or purchase a U.S. tactical cruise missile and modify it.

8. We are validating the concept of cruise missiles for other states, saying that this is a weapon that we like, which would indicate to them that it is a useful weapon. We should be very displeased to see Brazil, South Africa, or Iran with vehicles that could travel 3,000 miles.

In summary, strategic cruise missiles have no credible military mission but increase the proliferation of nuclear weapons. By inducing the Soviet Union to produce and deploy their own cruise missiles, we reduce rather than enhance our own security.

Conclusion: Further development and deployment of the SLCM and ALCM (either long-range or tactical) would be a grave error for the U.S., and therefore must be arrested.

Selected Questions and Answers

Q. For those of us who don't want the B–1, what about using B–52s or a 707-type aircraft equipped with cruise missiles as an alternative?

A. The Defense Department claims, (perhaps pointedly) that the present version of the Air Force Air Launch Cruise Missile (ALCM) cannot penetrate Soviet defenses. It is true that it will have a difficult time penetrating interceptor defenses, and an even more difficult time with Surface-to-Air Missile (SAM) defenses. The Air Force is studying the next generation of SRAM-type penetrating missiles, such as the ramjet-powered, Mach 2 Advanced Strategic Air Launched Missile (ASALM), and such a missile, perhaps in a two-stage arrangement with a turbojet engine, is a credible alternative to the B–1, but the ALCM is not. The Air Force is presenting Congress with a false dilemma: "Either the B–1 or the ALCM." When people like me say, "Look, the ALCM is no good," the Air Force says: "Ah, then we must have the B–1." But there are other alternatives, and it is these alternatives that must be research and pursued.

Q. Should we not deploy the tactical Sea Launch Cruise Missile (SLCM) in response to the deployment of thousands of Soviet tactical naval cruise missiles?

A. We already have such a cruise missile, the short-range Harpoon. (What about the very long range of Soviet naval cruise missiles?) Soviet missiles are very inaccurate beyond the range of ship-based sensors. They compensate by fitting them with nuclear warheads, which would work because aircraft carriers are such soft targets. In our case, if you talk to our line Naval officers, they dont want a missile with a range greater than the range of ship-based sensors, because of the uncertainty as to whether they have actually hit their target. (What about using shipboard LAMPS helicopers as remote senors?) Why not put Harpoon missiles on the LAMPS helicopers?

Q. You said earlier that you can have a penetrating missile that is not a cruise missile. How can you tell the difference by satellite reconnaissance?

A. Easily, if it is not a supersonic missile; it burns a lot of fuel, and doesn't go too far. We have the capacity to look at the exhaust of a jet engine, to look at its electromagnetic radiations, and tell what kind of engine it is. When we or the Russians test cruise missiles or any other kind of missile we can tell.

Q. I'd like to get into the whole question of SALT, and quantitative limits versus qualitative limits, and why the existing MIRV limits are nothing but a cosmetic limitaton, if improvements in accuracy of land-based or sea-based missiles continue. It is hard to convince Members of Congress that if we're serious about arms control, we have to have less than 400 MIRVed missiles.

A. The most important issue is the qualitative one, because unless you address the qualitative issue now, land-based missiles will be vulnerable. I have done a calculation which shows that very soon (the early 1980s) our missiles will have an accuracy greater than the size of the crater opened by their warhead if exploded on the ground. That means that silos would be vulnerable and you have to get your missiles out of their silos, and make them mobile. But if you make them mobile, you lose any possibility of vertification and commit yourself to a 40–50 billion dollar replacement program. We are ahead of the Russians in accuracy, they have more missiles, and bigger, but . . . (How far ahead are we?) Five or ten years, but there is an upper limit to useful improvements in accuracy, and once we reach it, the Russians will catch up with us eventually. So we must agree to mutually refrain from improving our accuracies any further

Q. If cruise missiles are unverifiable, why try to put them in SALT?

A. You cannot verify the difference between tactical and strategic cruise missiles, but you can verify the existence of cruise missiles. (If you cannot verify cruise missile deployment after they have been tested, and the first test is this spring . . .) The first test was today. But the important part of the flight test program is after engineering development, beginning in 1977. It is engineering development that must be stopped. This missile is just a laboratory curiosity until the additional development is completed.

Q. If there is no military justification for the cruise missile, why does the Pentagon want to go ahead and develop it?

A. First of all because it is technologically possible. But I have the impression, from talking to the military in the Pentagon, that neither the Air Force nor the Navy really want the strategic version, and the naval operations people do not feel that the tactical version makes any sense.

Q. If it could be documented how much the SLCM would cost, including a new air defense system, and all of the corollary costs, this might be the right way to approach Congress, this is a way the issue can be understood—in pocketbook terms.

A. You can make the calculation at two levels, our alone and our compared with the Soviets.

1. While the price of a cruise missile is small compared to a ballistic missile, the price in terms of warheads delivered on target by a cruise compared to a ballistic missile is much higher because the cruise missile is so vulnerable while the ballistic is not. So although it may appear cheap, the long-range cruise missile is not cost-effective for us because of the developed air defense system the Soviet Union has. The Russians, on the other hand, could find it advantageous to deploy cruise missiles, if we don't restrain them by an arms limitation agreement that forbids both of us to deploy such a weapon, because the U.S. has *no* air defense system.

2. You can make the argument in terms of Soviet response: If we spend 10 billion dollars to develop and deploy strategic cruise missiles, how much would the Russians have to spend to counter them? Probably much less because of their already-deployed air defenses. Probably they won't respond at all, putting all their rubles into other uses. We then would have wasted these 10 billion dollars.

Q. Are there any anti-submarine warfare developments on the horizon (10–15 years) that could make our sea-based deterrent, i.e., ballistic missile submarines, obsolete?

A. As far as we can see, there is nothing on the technological horizon (10–15 years) that can threaten the sea-based deterrent as a force. Individual submarines, yes, but not the force. It is absolutely impossible to take the submarines out in a time frame measured in hours or days, though there is always the possibility of an unforeseen technological breakthrough. But even with such a possibility becoming reality, little would change in actual military terms, although psychologically and perceptually there would be a change. Let us posit a miraculous satellite that makes the oceans transparent so that you can know where every submarine in the world is simultaneously. How would you destroy them? With a ballistic missile? A missile takes 20 minutes. Submarines travel a long way in 20 minutes, and the kill radius of a one megaton warhead is only one mile in the water. I would build missile submarines with only a few long-range ballistic missiles (say 12–16) designed to have a small acoustical cross-section, and powered by an extremely quiet fuel cell/electric plant with an endurance of perhaps a month, and build this submarine in very large numbers. That is why I don't like the TRIDENT, it is too large, a relatively noisy submarine, that puts too many of our most precious eggs in one basket.

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

Vol. 122 WASHINGTON, TUESDAY, APRIL 13, 1976 No. 56

House of Representatives

DR. JAMES SCHLESINGER DISCUSSES "NATO AND THE WARSAW PACT CHALLENGE" IN MCPL EDUCATION FUND LECTURE SERIES

Mr. SEIBERLING. Mr. Speaker, on February 18, Dr. James Schlesinger, former Secretary of Defense, appeared at one of the series of discussion meetings on U.S. defense policy and related foreign policy, sponsored by MCPL Education Fund. The discussion centered on NATO and the Warsaw Pact. The meeting was open to all Members of Congress and senior congressional staff members.

It has been intended from the outset to make summaries of each briefing session available to all Members of Congress and the general public by printing summaries of the discussions in the CONGRESSIONAL RECORD. The summaries are cleared with each speaker before being released, which sometimes results in a delay. However, this insures that the summaries accurately reflect the viewpoint of the speaker.

The meeting addressed by Dr. Schlesinger was very well attended. The thrust of Dr. Schlesinger's remarks was that without strong U.S. participation in NATO the states in Western Europe would be forced to make unfavorable accommodations with the Soviet Union. It was also his view that, while NATO has the power to block a Soviet military thrust into Western Europe, to do so would probably involve reliance on nuclear weapons. Since such a strategy carries with it a threat of devastation to much of Western Europe, a more satisfactory strategy would be to build up NATO's conventional forces so that they could adequately contain a Warsaw Pact conventional attack. Dr. Schlesinger believes the Western European countries are fully capable of maintaining adequate conventional forces and thinks that the United States should continue to encourage them to do so. He also believes that the MBFR negotiations require greater care than even the SALT talks in order to insure that they do not weaken the security of Western Europe.

The full summary of Dr. Schlesinger's remarks follow.

MEMBERS OF CONGRESS FOR PEACE THROUGH LAW EDUCATION FUND LECTURE SERIES: "NATO AND THE WARSAW PACT CHALLENGE"

(Dr. James Schlesinger, former Secretary of Defense)

SUMMARY RECORD OF PROCEEDINGS

Wednesday, February 18, 1976, 4 p.m., 2325 Rayburn House Office Building, Washington, D.C.

Dr. Schlesinger began his comments on NATO with some observations on U.S. foreign policy. Since our involvement in Vietnam, there has been no national consensus on what our foreign policy should be. There has been discussion about whether or not the U.S. is overcommitted, whether or not we should retrench. While there are valid grounds for discussion on this point, in Dr. Schlesinger's opinion, the irreducible minimum for U.S. interests is our commitment to NATO, with whom we share a common political and cultural heritage.

U.S. participation in the defense of Europe is both essential and inescapable, because:

France, Britain, and Germany no longer have the same relative power that they did before World War II;

Europe is now composed of an agglomeration of small and medium-sized powers which are incapable of standing up to Soviet agression;

Any change in U.S. foreign policy causes reverberation throughout Europe;

Without the adhesive of U.S. participation in NATO, the states of Western Europe would be forced to make accommodations with the Soviet Union;

The U.S. is the only potential counterweight to the Soviet Union, as it is the only superpower in the free world.

We have tried to make NATO adequate in the military sense since the Lisbon Conference of 1952. When that failed, we developed the doctrine of "massive retaliation." While this doctrine was promulgated we and our NATO allies did not attempt to develop an adequate conventional counterbalance to the Warsaw Pact conventional forces.

For a period of years, overwhelming U.S. nuclear superiority made this policy credible. Under the Kennedy Administration, as the Soviets developed a deterrent of their own, we attempted to develop a conventional capability to stand up to the Warsaw Pact.

This was a wholesome and necessary development, which has been pursued vigorously, if intermittently, ever since.

What strategy should NATO adopt? The U.S. preferred strategy is to have a conventional force adequate to contain a Warsaw Pact conventional offensive with some degree of confidence.

The alternative is to rely on nuclear weapons. If we rely on nuclear weapons, we threaten the destruction of Europe as a response to a conventional probe by the Soviet Union—threatening such destruction is not a wholly credible threat in circumstances less than all-out. Ideally we should have the capacity to respond to a probe at the same level of violence as the Warsaw Pact.

We have attempted to strengthen U.S. forces in Western Europe in association with strengthening Western Europe forces. In 1976, the Bundeswehr is a militarily impressive force. This was not true a decade ago. The U.S. Army has been rebuilt from its low point during the Vietnam War, and our forces in Europe have been strengthened by the addition of two brigades built from manpower reclaimed from headquarters and support spaces.

Overall, our objective is to build a stalwart conventional force sufficiently awesome so that it would never be threatened.

What are the implications of MBFR? For the past two years, these talks have been stalled, because the Soviets have made a policy decision that they will not negotiate an MBFR agreement before they have a SALT agreement. The MBFR negotiations require much greater care than even the SALT talks, because the awesomeness of nuclear weapons and the small probability of their use means that to some degree, we can live with a bad SALT agreement. But western civilization will not long survive a bad MBFR agreement. We entered the MBFR talks to maintain and enhance the security of Western Europe. Any agreement should support these objectives. No troop cuts should be made to support domestic political or budgetary objectives.

Soviet MBFR objectives are:

• Get control of the Bundeswehr, a vastly improved fighting force;

• To head off any future attempt to form a European Defense Community, and to maintain the NATO alliance in its present fragmented form.

There is no reason for either the U.S. or NATO to acquiesce in either of these objectives, nor in any agreement which will permanently guarantee the Warsaw Pact numerical superiority. The effect of doing so would be to increase the probability of the use of nuclear weapons, and a decline in the confidence of the Europeans in our ability to respond.

In general, NATO's situation is not wholly satisfactory, but it remains the sole means by which U.S. and Western European forces are pooled. However, its weaknesses are considerable. The Europeans have continously felt a sense of inferiority vis-a-vis the Warsaw Pact. This has undermined an attempt to put together an adequate force structure.

The Europeans think that an adequate conventional defense will militate against the success of the nuclear deterrent, either U.S. willingness to use it, or Soviet perception of U.S. willingness.

Lastly, the Europeans tend to play the weapons system game, whereby NATO members attempt to hawk weapons to each other.

This is not what we should be concerned with. What we should be concerned with is maintaining an adequate defense against the threat from the East.

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AN ALTERNATIVE LOOK AT U.S. DEFENSE POLICY

Mr. SEIBERLING. Mr. Speaker, I am offering for the RECORD the remarks of Mr. Paul C. Warnke, former Assistant Secretary of Defense, on the subject of "an alternative look at U.S. defense policy." Mr. Warnke made these remarks to Members of Congress and their staffs on February 24, 1976 in one of a series of such meetings on "new directions in foreign policy, defense policy, and arms control policy" sponsored by the MCPL education fund this winter and spring.

Mr. Warnke is one of the most knowledgeable defense experts in the country and in addition to his experience in the Johnson administration as the Assistant Secretary of Defense for International Security Affairs, he has been recognized for his grasp of foreign policy and arms control matters as well as defense issues.

Mr. Warnke's remarks follow:

"To remain strong, to remain free" continues as always to be the necessary fundamental objective of our defense policy. In order to optimize the effectiveness of our force posture, some attempts have been made to correlate our defense policy planning with our foreign policy planning. Although this in itself is a desirable objective there are pitfalls which must be avoided. Underlying the recent DoD posture statement is the implication that most foreign policy objectives must be achieved by the use or possession of military power. This type of equation would measure our nation's strength primarily in terms of military strength and would serve to stimulate the accumulation of even greater American firepower. This increased military might, in turn, would be matched by our potential adversary with increased risk of a resort to violence to settle differences. Foreign policy problems rarely yield to a military solution.

Before advancing my own views on an alternative defense posture, I wish to note some basic observations on the defense budget in general. Most debate on the defense budget characteristically concerns itself with a cost review, rather than a content review. The prevailing sentiment is that so long as you spend a large enough dollar amount no matter what its specific purpose, you encourage your friends and intimidate your enemies. When cuts are finally made, Congress typically satisfies itself by trimming annual dollar costs, often simply by spreading a defense project out over a longer period of time. In addition, cuts may be made in the operational and maintenance areas. This does little except defer and degrade the maintenance of equipment, and leave us in a situation in which all elements of our force are not operating at optimal level at the same time.

A careful examination must also be given to the basics around which a defense policy is constructed. Two fundamental questions must be answered:

What are the relevant missions?

What are the most cost effective ways of performing those missions?

As it stands at present, we justify our defense spending largely on the basis of what the Soviets are doing. We have carefully observed various Soviet military improvements:

1. They have increased their strategic forces.

2. They have increased their sea capacity, and have now an all-oceans navy.

3. They have increased their manpower forces on both their Eastern and Western fronts.

Of course we should not disregard these trends, but it may be useful to speculate on why they may have taken place. The possibility exists that the Soviets are trying to emulate the U.S. Others, however, point to the present frontier threats that the Soviets face, as explanation for this buildup. The Chinese threat, coupled with the fear that while the are engaged in fighting on the Eastern front the West will cause trouble from the other direction, could cause the Soviets concern. Again, there are others who fear the Soviet buildup is simply a malicious attempt to exploit any U.S. weakness in strategy or capability.

Undeniably, we cannot allow the U.S.S.R. to build up to a point where it would be the only military superpower. But we should keep in mind that their needs are very different from ours. They do have real enemies, and may well worry about both China and their restless satellites in Eastern Europe. We, however, face only one threat—the use of Soviet military power against us or those whose autonomy is integral to our security.

In order to optimize our forces, we should decide the "least unlikely" threats we may face, and be prepared to deal with them. At present, the least unlikely military contingency that may arise would be a limited offensive on the part of the U.S.S.R., at a time of tension, in an effort to achieve a limited objective.

An all-out attack on NATO forces isn't really likely, since this would be apt to be regarded as the "functional equivalent" of nuclear war. It is deterred by Russian realization that if we began to lose a conventional war in Europe undoubtedly tactical nuclear weapons would be introduced. In Western Europe, however, we may not be well enough equipped to deal with a quick attack arising from Soviet ambitions: for example, to capitalize on a succession struggle in Yugoslavia, to alter what they might regard as disturbing trends in Germany, to add Austria to its sphere of control. As for Asia, this area does not pose any urgent military threats. China has neither the incentive nor the strong amphibious capacity to threaten Japan. Our Seventh Fleet provides assurance of our continued interest.

In deciding and discussing our defense posture, care should be taken that our actions and statements do not lend themselves to erroneous interpretations by our allies. Although we are able to recognize the political rhetoric of statements by American politicians, denouncing the "bankruptcy of flab-by foreign policy" and the like, we increasingly find these statements repeated in the press of our European allies, who take it at face value.

The U.S., the most formidable military force in the world, should not, by poor-mouthing our will and our capability, give our allies the impression that we would not fight even if a real need arose because, we would inevitably feel doomed to lose. We are failing to articulate our areas of obvious military strength. For example, the Soviet navy does not dominate the seas. In fact, the U.S. navy is far superior in sea control. We have fewer submarines, but faster, quieter and all nuclear-propelled. The U.S. has unmatched military power. The misleading statements of the doom sayers, and the political rhetoric of some policy makers themselves, must not be allowed to work against the U.S. and the relations with its allies.

In fact, significant eliminations could be made in the defense budget. This could include an elimination of the redundancies in our tactical air forces, the elimination of funds for additional supercarriers, and a cutback in forces designed for an Asian land war. A part of the savings realized could be used to optimize our forces' readiness to meet more realistic demands. In addition, all defense decisions should take into account the hope of achieving some effective arms control agreements. It does not seem that, at present, we are serious enough in our pursuit of SALT, especially when our budget for next year calls for a $2 billion increase in the amount devoted to strategic weapons.

This increase in the budget results in part from large sums of money being poured into systems, such as the B–1, which are not necessary. Billions could be saved by replacing the proposed B–1 with a "stand-off" bomber as suggested in the Brookings report "Modernizing the Strategic Bombing Force, Why And How." The use of the stand-off bomber would not only be cheaper, but would also afford better penetration and less vulnerability. The fact that the stand-off bomber would be equipped with long range Air-Launched Cruise Missiles (ALCMs) would present some complication for SALT in determining the exact range that the missile should be allowed, but this complication can be met.

In addition to requesting funds for the B-1 system, the Defense Department desires extensive programs for both Air-Launched Cruise Missiles and Sea-Launched Cruise Missiles (SLCM). The push for the SLCM is perhaps the most surprising. If deployed, the resulting verification problems would make a SALT agreement much more difficult.

Other proposed strategic force increases include improvements of our intercontinental ballistic missile system. Not only are our missiles being MARVed, but there is also the proposed introduction of the M-X system. This system, very expensive to deploy, would provide a multiple aim point mode, and could help insure the survivability of U.S. ICBMs. But better insurance would come from an effective SALT agreement and mobile ICBMs would make any SALT Treaty very difficult to verify.

Plans for the SLCM, MARV, M-X and additional mobile missiles continue while SALT talks are going on. The aim of SALT is to bring everything out in the open, in order to insure that neither side can deceive the other and achieve a first strike capability. Ironically, the aim of these missile systems would be to disguise weapons. In so doing, this would run counter to the aims of SALT.

The Defense Department has provided its justification for its demands for increases and improvements in our strategic weapons systems. It asserts, as has traditionally been the expressed sentiment, that new strong weapons programs will increase our bargaining power. The Soviets, on the other hand, would undoubtedly view our development of SLCMs plus B-1 bombers plus improvements in our ballistic system as an attempt at a first-strike capacity and would take offsetting actions.

Thus if events are allowed to proceed as they are presently, matching improvements and escalating parity of U.S.-Soviet forces will continue into the future. Ten or fifteen years from now we will have spent $100-$200 billion more on strategic weapons. And hopefully, "with a little luck we won't be any worse off than today".

Selected Questions and Answers

(Most have been somewhat paraphrased.)

Question: In the case of a massive Soviet offensive against Western Europe, would we resort to a nuclear response if it became apparent that our conventional forces would be defeated?

Answer: That is our present military policy. When looking at this defense decision, two questions must be dealt with:

1. What deters?
2. What happens if deterrence fails?

In answer to the first, we do have a stable deterrent. Roughly 300,000 U.S. troops are stationed in Europe. If the Soviet Union launched an attack, our forces' security would be endangered. The 7,000 (plus) tactical nuclear weapons in Europe could then be invoked if this trip wire were to be activated. This serves as a further deterrent. What if the deterrence should fail? That's what terrifies Europe. A protracted conventional war may be preferable from the American point of view, but as far as the Europeans are concerned, it would be cataclysmic.

Question: Would it?

Answer: Yes, I suspect it would be. There may be a significant difference in effects as between a massive conventional attack and a limited tactical nuclear war. But in either event all of the European battlefield zone is likely to be destroyed.

Question: Would the need for more conventional forces undermine a nuclear deterrent?

Answer: In the case of an all-out conventional war, *the risk to the Soviets is that they may begin to win.* At that point it would go nuclear. Larger and stronger NATO conventional forces would raise the nuclear threshold or at least make possible a longer "pause" before nukes were needed.

Question: Do we have the capacity to successfully fight a conventional war in Europe, with the present NATO force? Are the European states in NATO capable of defending themselves conventionally?

Answer: We must continue to figure that the Europeans will do the minimum necessar to keep us engaged. Implicit in this is the fear that the Soviets are far superior. It is likely, however, that the conventional balance is closer to NATO's favor than most realize. We don't know that the Warsaw Pact would not split. We do not know that the Chinese won't attack in the East. We don't know the exact Soviet division size. NATO's strength depends on many things that we can't add into our defense budget.

Question: Is a tactical nuclear deterrent credible in stopping the Russians, knowing they would respond? Couldn't we remove tactical nuclear weapons?

Answer: We must distinguish between deterrence, and what we would do if deterrence failed. Their (tactical nuclear weapons) role in deterrence is marginal. Yet, if intelligence information showed the Soviets were massing their forces, we could immediately inflict massive destruction. In order to insure this deterrent capacity, it is not a good idea to take all tactical nuclear forces out of Europe—those which are highly vulnerable, such as atomic demolition mines or those on quick reaction alert aircraft (QRA) should be removed.

Question: What are the chances of a future Soviet invasion in the Middle East?

Answer: In the case of an overwhelming Arab attack on Israel, our NATO forces are close by to put that down. It is unlikely that the Soviets would intervene if Israel was attacked. They have no stake in Israel's survival but also not stake in its destruction. They would recognize that our interest is much more than theirs and that we would not tolerate their intervention against Israel.

Question: What about Korea?

Answer: Our vital interest in East Asia is to insure an autonomous Japan. We have the 7th fleet working for us, and also the Chinese-Soviet split. The Soviets, if they were tempted to attack, would fear a collective response from the Chinese and the U.S., and vice versa for the Chinese. Soviet attempts at subversion wouldn't be a smart move in Japan, since if it went Communist, the Chinese would be its natural allies. As for South Korea, militarily its demise would not be important to U.S.-Japanese defense. Psychological perceptions, however, on the part of the Japanese, are most important. It is for this reason that it is in the best interest of U.S.-Japanese relations to have U.S. forces in Korea.

Park himself, however, has stated that by 1980 there would no longer be the need for U.S. forces in South Korea. We ought to take him at his word, and begin to phase out troops. We now have 40,000 including 31,000 army, in very exposed positions. If either the North or the South attacked, we could be unwillingly drawn into battle. We have equipped the South Koreans with F-5Es and F-4 Phantom aircraft. They have 40% more men in arms than the North. They are today the 5th largest army in the world. Thus we can begin to get our troops out.

Question: For the first time since the Cuban Missile Crisis, I find myself more scared about what the Russians are doing—in Angola—and also they're outspending us in many categories. This can't simply be defensive. They can't be that scared of China. Are they on the offensive?

Answer: We have recognized that the Soviet Union is doing more. However, it is necessary, more than in the past, for Congress to focus more on defense content than defense cost.

Don't underestimate the threat the Russians feel from the Chinese. The Soviet Union recognizes that China harbors a deep animosity. They used China badly, then left it in the 1960's to survive on its own devices. We (U.S.) don't have the same reasons for fear that they do in the Soviet Union. They also fear the West is waiting for them to get involved with China—then attack on the other front. They could lose their buffer on the West too.

Angola? It can't totally be explained. Traditionally, the Soviets have allied themselves with the liberation movements. We have traditionally sided with the status-quo. Therefore Africans can see Soviet-Cuban intervention as liberation. It is a sorry state in which we see ourselves—aligned with South Africa against the OAU supported government, recognized by Nigeria, the largest African state.

Question: What is your position on cruise missiles?

Answer: In favor of ALCM, as susceptible to control. We should not develop the SLCM, since it can be put in any type of deck launcher. If we can agree with the Soviet Union to ban testing of SLCMs that would be enough to stop its use, since the military wouldn't want to use something that has never been tested. ALCMs should have a 1,500 mile range limit.

Question: How can we bring about changes in the DoO budget, despite institutional pressures? Each successive Secretary of Defense must show that he is tough. Assuming we have a new administration in '77, how can we get around the institutional pressure to be tough?

Answer: We must have a President and Secretary of Defense who are serious about arms control. The process begins with the President. A $3.7 billion increase was proposed by the President over the DoD proposed request. As for the DoD, there is too much emphasis on the difficulties of controlling the military. The military does what the civilian side wants it to. It's surprising that Schlesinger allowed redundant and marginal programs to go through. No one can yet fault the new Secretary of Defense, Rumsfeld. The programs were already destined to be presented. They were not his creation.

Question: Suppose those of us in favor of arms control tried to limit spending to research and development?

Answer: That does not make sense. After awhile wou've spent so much you have to go with it. If you continue the B-1 in R&D pretty soon you would end up with what would be an obsolete system.

Question: How do you see Congress' role in maintaining an adequate defense force, in view of poor testing and maintenance?

Answer: We must start with the proposition that Congress can't run the Pentagon. It can free up funds from programs that aren't needed, and point them toward O&M. There aren't funds for everything on the drawing board.

Question: What can Congress do in the face of growing manpower costs?

Answer: Congress can in fact do something about that. DoD has proposed to Congress $2.8 billion in savings through cuts in personnel costs. The challenge is given to Congress. Will Congress take on the wrath of the retired and soon to be retired? As it is now "We are spending too much for people to do nothing". Having been in the military entitles one to live as well as any one else on retirement, but not better than everyone else. Closing unnecessary bases is also something that Congress can move on.

Question: Assume we got a President interested in significant arms reduction, do you think we could sign an arms reduction treaty?

Answer: That's a totally speculative answer. We have never seriously attempted arms reduction. I am an optimist that, if we genuinely tried, we could succeed. The only serious attempt made in this direction was made by President Kennedy at the time of the Test Ban Treaty. It was only accomplished when the bold unilateral initiative was taken by the U.S. To take the initiative today, we must change our rhetoric, and initiate a freeze on nuclear weapons. Once we have made the effort, we can call for "reciprocal restraint" on the part of the Soviets.

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MCPL EDUCATION FUND SPEAKERS SERIES—TALK OF DR. HERBERT SCOVILLE, JR. ON "SALT AND DETERRENCE: THE IMPACT OF NEW U.S. STRATEGIC PROGRAMS"

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD a summary of the remarks, at a discussion meeting on March 3, 1976, when Dr. Herbert Scoville, Jr. discussed with Members of Congress and their staffs the subject of "SALT and Deterrence: The Impact of New U.S. Strategic Programs." Dr. Scoville is a leading expert on strategic weapons and arms control as his previous service in Government would indicate. He is a former Assistant Director for Science and Technology of the U.S. Arms Control and Disarmament Agency; a former Deputy Director for Research, CIA; a former Assistant Director for Scientific Intelligence, CIA; and a former Technical Director of Armed Forces Special Weapons Project, Department of Defense. Today he is an active writer on arms control and strategic affairs and serves as the Secretary to both the Federation of American Scientists and the Arms Control Association.

This talk on "SALT and Deterrence" was part of the continuing series sponsored by the MCPL Education Fund dealing with various subjects under the general heading of "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy."

In response to requests from Members desiring to study them and from interested members of the public, I have placed summaries of other speakers' remarks in this series in the RECORD earlier and will place further summaries in the RECORD after the various speakers have completed reviewing them for accuracy. The summary of the discussion with Dr. Scoville follows:

It is important that the Members of Congress and the public understand the impact of new U.S. strategic weapons upon both SALT and the U.S. deterrence capability. There are four major U.S. strategic concepts as described in Secretary of Defense Donald Rumsfeld's *Annual Defense Posture Statement*, and eight major threats which Mr. Rumsfeld cited to justtify new U.S. strategic programs.

The strategic concepts are:

Deterrence. This is the overriding objective of U.S. strategic policy: to deter a Soviet attack.

Stability. U.S. and Soviet forces should be structured so that neither side has any incentive to attack the other.

Flexibility. This is an option of lesser importance: the ability of U.S. forces to make various responses to different levels of threat or attack. The key question is: How much flexibility is enough?

Equivalence. That is, essential equivalence with the U.S.S.R. The problem is: How do you define equivalence? Does that mean we have to be equal to the Soviets in all categories of weapons? Or that we must have new what the Soviets will have in five years? The search for equivalence has proven the greatest single incentive to the continuation of the arms race in the past decade.

The eight threats he described were:

1. *Civil Defense.* Although it has suddenly been given great attention, this is not new. For a long time, people (usually not in the government) have been throwing scare stories around to the effect defense, they therefore must be planning a nuclear war. It has also been claimed that the Soviet civil defense program undermines deterrence. This is unadulterated nonsense. Anybody who thinks the Russians could ride out an attack is wrong. It disturbs me profoundly that a man like Malcolm Currie (Director of Defense Research and Engineering) who is in a responsible position, could actually think that the Soviet Union could safeguard its industrial base from a nuclear attack by putting sandbags around their machine tools. One should look at what actually happened at Hiroshima, and at the results of our own nuclear tests.

2. *Anti-Submarine Warfare (ASW).* Secretary Rumsfeld says there is no threat to our ballistic missile submarines today, but that we should keep track of Soviet ASW developments. The Soviet Union has virtually no ASW capability against our POLARIS/POSEIDON submarine-launched missile force, and the experts are agreed that there is nothing in the foreseeable future that could seriously threaten our ballistic missile submarine force.

3. *Air Defense.* The Russians do not now have a "look-down/shoot-down" radar and missile system (capable of tracking aircraft at very low altitudes) such as are on our Airborne Early Warning and Control (AWACS) aircraft. The development of such a radar by the Soviets is potentially the greatest threat to our bombers, according to Secretary Rumsfeld. He forgets that this is the strongest argument against building the B–1. If they had a "look-down/shoot-down" radar, then we should not build a penetrating bomber, but instead equip our B–52s with long-range cruise missiles. The B–52 fleet, he has admitted, can have a useful operational life into the 1990's.

4. *Anti-Ballistic Missiles (ABMs.)* The Soviets are conducting research on ABMs, but the only system they have deployed is their 1960's-vintage one, which they have not even built up to the level permitted by the SALT I agreement.

5. *MIRVed ICBMs.* This is the closest thing to a genuine threat. The Soviets are now beginning to deploy multiple warheads on their ballistic missiles, six years after we began to do so. Ex-Secretary of Defense James Schlesinger said last year that these Soviet missiles do not have the necessary accuracy/yield combinations to threaten us. But Secretary Rumsfeld is very alarmed at this future threat. Dr. Scoville says that he thinks that this does not reflect any new data, but rather the need to justify new missile programs of our own to replace our MINUTEMAN missiles.

Destroying our 1000 MINUTEMAN land-based missiles simultaneously is just an impossible problem technically, so it is not a genuine threat, but rather the perception of a threat. When one side has many MIRVed ICBMs, which on paper look like a first strike threat, you have an unstable situation, in which both sides have an incentive to strike first.

However, the answer to a Soviet first strike, or counterforce threat is not to have a counterforce threat of your own. If both sides have a counterforce capability, this is worse than one side having it, since our counterforce-capable missiles would be an even more tempting target for a pre-emptive strike.

So, it is absolutely the wrong response either to build the higher-yield Mk. 12A Reentry Vehicle for the MINUTEMAN, or worse, to build the follow-on MX intercontinental ballistic missile (ICBM) with a counterforce capability.

6. New *Submarine-Launched Ballistic Missiles (SLBM's).* New SLBMs are not a threat to us. We should be pleased, because their development improves mutual deterrence. This increases stability, and the Soviet's confidence in their ability to survive a first strike.

7. *BACKFIRE Medium-Range Bomber.* Even if the BACKFIRE is a strategic bomber, it is no added threat. We've decided not to have an ABM, so Soviet missiles get a "free ride," and there is hence no point in defending against bombers. The BACKFIRE, in any event, is a long way from even having the capability of our B–52 for intercontinental attacks. The Soviets haven't really built a major bomber force. They seem to be satis-

fied with a dual deterrent force of land and sea-based missiles. The BACKFIRE is clearly designed for use against Europe and China. To fly it against the United States, it must fly both subsonically, and not come back, as it lacks sufficient fuel, or be staged from bases in the Soviet Arctic, which is difficult for the Russians to do. It only becomes a "strategic" bomber when you want to make trouble in the SALT talks, or when you attempt to justify the B–1.

8. *Soviet Cruise Missiles.* Soviet cruise missiles are short-range missiles which were developed around 1961 as anti-shipping missiles. They weren't very accurate, so they had to have nuclear warheads. They have only been considered "strategic" weapons by the Defense Department since the United States has begun its own cruise missile program. They could conceivably be targeted against U.S. coastal cities, but this is obviously not their primary mission.

To quickly go through the major Defense Department programs:

Improved MINUTEMAN and MX. These are the wrong programs if we are worried about MIRVed ICBMs; they tend to decrease stability; and they are not needed for deterrence. We also have a program to reduce vulnerability by putting land-based missiles on mobile launchers, which is a clear violation of the SALT I accord. Development of mobile ICBMs could also seriously impair our (and their) capability to verify future SALT ceilings on numbers of launchers.

Trident. This is an attempt to shore up the key part of our deterrent. The long-range missile is the useful element. When you buy the missile, you've bought 90% of the improvement in the Trident program. The Trident II missile is unnecessary, because when you have the 4,000 mile range of the Trident I, you can hit Moscow from our Atlantic coast, and you don't need the 6,000 mile range Trident II.

The Trident submarine program is also a bad program. There are too many missiles per submarine, and it is ghastly expensive. We should go to smaller submarines with fewer missiles per submarine. Two years ago then-Secretary of Defense Schlesinger requested funds for a design study of a smaller missile submarine (the SSBNX), but some members of Congress (who had fought the Trident program and lost) were outraged by the thought of appropriating funds for yet another missile submarine, and deleted the funds from the budget.

B–1 Bomber. The B–1 is the wrong answer for the bomber part of our deterrent, and it comes at the wrong time. The B–52 will still be operational through the 1990s. When and if a replacement is needed, a stand-off bomber would be superior and cheaper than the B–1.

Air-Launched and Sea-Launched Cruise Missiles (ALCM and SLCM). The most important advantage of the ALCM is that it makes the B–1 unnecessary, so that if we're worried about the Soviet air defense threat we can go with a B–52/ALCM combination or a follow-on stand-off bomber which will be superior and cheaper than the B–1.

THE STATUS OF SALT

There are two things holding up a SALT agreement: the Soviet Backfire bomber and the cruise missile problem.

The Backfire is a strategic bomber only under extreme conditions, as noted earlier. It would have been wise to drop this issue at SALT, since we had succeeded in persuading the Russians to leave out the American so-called Forward Based Systems (FBS). By reopening the question of medium-range systems (such as Backfire), we are likely to get the Soviets to reopen the FBS question. If they do, we would have an impossible task negotiating limits on FBS, because it would require the consent of NATO, and to negotiate limits through NATO might be more than the alliance politics could take.

FBS, of course, are the nuclear-capable land and aircraft carrier-based airplanes deployed in Europe and the Far East which have sufficient range to attack targets deep inside Russia (including Moscow), but which have the primary mission of supporting our allies in tactical warfare in Europe. They are a vital part of our NATO force, so to try to limit them would be very difficult. However, our argument about excluding them (as we did in SALT I and II) is a bit weak, since they have been assigned missions under our strategic war plans, the SIOP. However, the Russians understand our political problems with NATO, and the FBS are not very important strategic weapons.

The other important roadblock to SALT is the strategic cruise missile program, particularly the SLCM. Any submarine or ship could become a strategic delivery vehicle. Once developed, there is no way of knowing where or how many have been deployed. This esentially undercuts the SALT concept, since quantitative ceilings have no meaning if these missiles are to be deployed.

The cruise missile program is an example of getting a program started for non-security reasons. Six days after the conclusion of the SALT I negotiations, Secretary of Defense Melvin Laird came to Congress to ask for a long-range, submarine-launched cruise missile. Laird wanted to use up some funds he thought he would otherwise lose. Kissinger approved the supplemental appropriation on the grounds that cruise missiles would make a good SALT "bargaining chip." Kissinger has since changed his mind, commenting that he "never thought the military would fall in love with it." Laird's successor as Secretary of Defense, James Schlesinger, has gone all over Europe, trying to sell our NATO allies on the usefulness of cruise missiles in a tactical role.

The Russians have proposed banding all SLCMs with a range above that of their current missiles (375 miles), but we're still arguing with them about that.

SELECTED QUESTIONS AND ANSWERS

All questions and answers have been paraphrased and condensed.

Q. Why not bring in a rider on the defense authorization bill to limit the range of all SLCMs to 375 miles or less, since "once deployed, they cannot be controlled?"

A. That would be a great idea. However, we could never get away with a covert deployment of cruise missiles, but we must worry that the Russians could. To have a reliable system (if they want a bad system, we shouldn't care) they must not only run a series of tests during development, but also periodic operational tests. So, verification of cruise missiles is not an insoluble problem. Rumsfeld says that the Russians don't have the capability to even begin designing cruise missiles comparable to ours, and won't have for at least ten years.

Q. Would it be meaningful to limit cruise missile tests to over water?

A. Yes, but one would probably have a hard time with the missile developers, because they want to test a tactical version for overland version as well. The key limitation is mileage.

Q. How many tests are required before the development of a cruise missile could be considered complete?

A. I don't know, but probably twenty or thirty at least. Also, operational tests would be needed. I would think that the other side would need even more tests, but someone like John Foster (Former Director of Defense Research and Engineering) might not think so.

Q. Dr. Schlesinger recently made the statement: "The U.S. could survive a bad SALT agreement, but Western civilization would not long survive a bad MBFR agreement." Would you agree?

A. Yes. Albert Wohlstetter started a myth back in the 1950's that there was a very delicate strategic balance between the U.S. and Russia. This is not true. Both sides are so overarmed you could make an agreement where you gave up far more than you got and you would still have a deterrent.

There is already an imbalance of conventional forces in Europe, so we could get licked conventionally, and find ourselves faced with tactical nuclear war. The imbalance is not the force structure, but effectiveness. Thus a bad MBFR agreement could make an already bad situation worse.

Q. Alain Enthoven has argued that the balance of conventional forces in Europe is not that unfavorable, and that we could safety remove many of our theatre nuclear weapons (TNWs). Would you comment?

A. We could certainly withdraw some of the TNWs, particularly the ones in forward positions, where they are exposed to capture. On the conventional balance, Enthoven is right, if you look at numbers of weapons, the force imbalance is not all that great. But I have heard discouraging reports, from sources better informed than I, that communications between NATO armies are miserable, that there is little commonality of weapons. It is a poor fighting force, bady deployed, with all of the troops close to the East German border under the trip wire concept. If NATO really wished to defend anything with its army, the troops (and particularly the nuclear weapons) should be farther back.

Q. What effect have the charges of cheating on Salt I had on Salt II.

A. A disastrous one, politically. These accusations have poisoned the atmosphere.

Q. Has the unilateral interpretation of terms made it more difficult?

A. No, unilateral definitions of terms are a tool which is often very necessary. For example, in the Non-Proliferation Treaty, we would never have gotten an agreement without it. But, if we make a unilateral statement, and it is exceeded, we should't ignore it. If the unilateral statement doesn't mean anything, you shouldn't make it.

Unfortunately, Kissinger, in trying to sell the SALT agreement, said our unilateral statement meant that the Russians couldn't build a "light" missile that was any bigger than their existing SS–11. The Russians never agreed to this, it went beyond any formal U.S. position, and the Russians then deployed the far larger SS–19.

Q. Could you describe our capability to detect Soviet missile submarines and the threat that poses to the Soviet deterrent?

A. It is generally known that we have the "SOSUS" passive sonar arrays, which are quite widespread, particularly in the Atlantic. They can't pinpoint submarines, but can give a general indication of where they are, if no one tries to interfere with the equipment by jamming it. We can do this, because we have control of the lands bordering on the Atlantic Ocean, and they cannot. I don't know whether or not the Soviets have such systems in the Arctic, but the stories about our submarines bumping into theirs would suggest that they do not. They are far behind us in ASW, not only technically, but also geographically.

Q. Is it completely unrealistic to move away from the Triad?

A. It isn't unrealistic. A sea-based force is more than adequate, so long as it is backed up by something. There are some advantages in the Triad, but I sure wouldn't goldplate the back-up force.

Q. Dr. Kosta Tsipis suggested that if the SLCM were developed, other countries would use cruise missiles to build a low-cost nuclear delivery system. What would be the strategic arms limitation effects of such a situation?

A. Even if this scenario were to come to pass, it wouldn't blow SALT out of the water. Once a state obtained nuclear material, it would have many possible ways of delivering it. It wouldn't need cruise missiles. There would be a destabilizing effect, but it would not add greatly to our SALT problems.

He is also more worried than I about these systems as counterforce weapons. A point

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MCPL EDUCATION FUND SPEAKER SERIES—DR. HOMER JACK'S TALK ON "DISARMAMENT PROGRAMS—THE UNITED STATES AT THE UNITED NATIONS"

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD the summary of the discussion meeting of Tuesday, March 9, 1976, in which Dr. Homer Jack, Secretary-General of the World Conference on Religion and Peace and a leading observer, writer, and reporter on worldwide developments in arms control and disarmament, discussed with Members of Congress and congressional staff the U.S. role in United Nations disarmament proceedings. This talk was part of the continuing series sponsored by the MCPL Education Fund dealing with various subjects under the general heading of "New Directions in Foreign Policy, Defense Policy, and Arms Control."

In response to requests from Members desiring to study them, I have placed summaries of talks by other speakers in this series in the RECORD earlier and will place further summaries in the RECORD after the various speakers have completed reviewing them for accuracy. The text of the summary of the discussion with Dr. Jack, along with a memorandum which he submitted to the participants in the discussion, follows these remarks:

DR. HOMER A. JACK, TUESDAY, MARCH 9, 1976

The 30th session of the UN General Assembly, adopted last December a resolution which created an Ad Hoc Committee on the Review of the Role of the UN in the Field of Disarmament. Under the terms of the resolution, all states are invited to communicate to the UN Secretary General their "views and suggestions on the strengthening of the role of the UN in the field of disarmament".

Last December, as an American observer at the UN, Dr. Jack suddenly became aware of the alarmingly lax posture of the U.S. toward UN disarmament endeavors:

"How can the role of the U.S. be described, at the 30th session of the UN? It has hardly been a positive or forthcoming one. The U.S. has maintained a posture of stonewalling the nonnuclear States, of collusion with the Soviet Union on certain nuclear issues, of putting part-time negotiators in Geneva and New York, and of maintaining—understandably in the circumstances—an extremely low visibility."

The 30th session of the General Assembly adopted 25 resolutions on disarmament. All were "good" resolutions. Only one was a bit dubious, the Five-Power resolution. The latter, introduced by the Soviet Union, called upon all nuclear weapons States to enter into negotiations not later than 31 March 1976 to reach agreement on the complete and general prohibition of nuclear tests. This resolution was a non-starter, (mainly propagandistic against the Chinese), since it in no way enticed China to attend. (The U.S. voted negatively on this resolution).

In general, the U.S. voting record on the 25 resolutions was not good. The U.S. voted for 13 out of the 25 resolutions. Eight of these were simply "yes" votes by consensus. Two resolutions received "no" votes, and 10 was abstentions. Our voting record vis-a-vis other nations is mathematically poor. Rumania, Mexico and Nigeria voted for all 25 resolutions. Sweden voted for 23 out of 25. Even France, with one "no" vote, had a much better record than the United States.

Question: To what do you attribute the poor voting record of the U.S.?

Answer: The U.S. likes to keep its options open. It's difficult to get a decision from Washington. The U.S. doesn't want to be pushed, even though it's up against a deadline. Many times it will simply abstain. In one of the cases, however, the U.S. abstained because of a firm position. This involved the Mass Destruction Weapons Resolution. It was proposed by the Soviet Union, and pledged that each State Party not develop or manufacture new types of weapons of mass destruction or new systems of such weapons. The U.S. felt, however, that "before making a commitment to seek restraints on new weapons of mass destruction, it is essential to obtain a clear understanding of the issues involved". The U.S. did not agree that at this time it is necessary to conclude a treaty. Thus the U.S. abstained.

Question: What is the SALT resolution that was voted on?

Answer: It urged the superpowers to get going on reducing ceilings, and to keep in touch wtih all UN members. The U.S. and U.S.S.R. both spoke the same language—"nyet."

Question: Can you explain for us this next set of resolutions? (See final page, Voting Record of Twelve States). Nuclear Free Zone.

Answer: The U.N. asked the CCD (Conference of the Committee on Disarmament at Geneva) to make a comprehensive study of the question of nuclear-weapon-free-zones. The next resolution went beyond the comprehensive study. It attempted to outline the concept of a nuclear-weapon-free-zone, and define the obligation of the nuclear weapons States toward the zone and the States included within. This resolution, out of the 25, obtained the lowest number of votes—82. The U.S. did have some justification for abstaining here. We felt affronted by Mexico asking that it be put to a vote at this session. In the U.S. opinion, Mexico should allow us one year's time to study further the question.

Question: The most prominent U.S. position is one of abstention. Why has this been repeatedly the U.S. voting pattern?

Answer: In any legislative body, there are different styles at different times. At the UN today, an abstention is often the same as a "no" vote. Most nations today don't vote "no", but abstain.

Question: Is this so no one can accuse them of a "no" vote?

Answer: Right.

Question: In Congress, you can't abstain or your constituency immediately complains, "What's the matter—Can't you make up your mind? I suppose that in the diplomatic world it's different. You don't have to please anyone.

Answer: That's right. There is no constituency. There could be, but there often isn't.

Question: Two years ago, I (Barry Schneider) worked for the Center for Defense Information. I realized at that time there was a grave disparity between the number of people working in arms control and the number of people interested in building arms. It was also evident that the group within the DoD, working on disarmament, was for larger and always seemed to take a different position from those in ACDA and in outside groups that study disarmament. How big is the group that speaks up on disarmament at the UN?

Answer: The size of the U.N. missions vary. The U.S.S.R. mission is very large. Some countries don't even have a mission in Geneva. The NGO Committee on Disarmament (at UN Headquarters) can really do business with these states which don't have their own staff in Geneva. Many states are drawn into Geneva through representative regional groupings. During the six weeks of disarmament discussions at the General Assembly in New York beginning last October, 110 out of 135 countries participated. They *actively* participated in debate.

Question: How many people are involved in all?

Answer: There are many different forums for the disarmament talks and negotiations. In addition to the Geneva Conference, there are 3 or 4 Ad Hoc committees concerned with disarmament. I would estimate 200 or more diplomats.

Question: How similar are the voting records of nuclear weapons states?

Answer: The allegation that the U.S. and the U.S.S.R. are atomic bedfellows is borne out by the fact that, on 19 resolutions, the U.S. and the U.S.S.R. voted identically. This is a 76% identity. Compare this to a 54% identity of the U.S. votes with that of all

Member States on these disarmament issues. Or compare it to an identity of only 60% with its Pacific ally, Japan.

Question: Do the less developed countries take more or less interest in disarmament?

Answer: The Third World spends $39 billion on conventional weapons. That's more than 10% of the total spent. None of these Disarmament resolutions at the UN deal with conventional weapons. It just isn't on the General Assembly's agenda. They tried to put terrorism on the agenda, which would in a sense encompass conventional arms, but it was slapped down a few years ago. About the only thing we can do at present is publicize the high amount of spending in conventional arms. Traditionally there has been a disinclination on the part of the West to tie disarmament to development. Holland, and even Sweden, for example, say we must have development even if we don't have disarmament. The fact is we don't have the money for both.

Question: Did you get any response from the State Department yet—concerning their view of the UN Review Conference on the UN Role in Disarmament?

Answer: The State Department will go into this operation in good faith. They will send a response. At the committee meeting in January they were well represented. In June, a substantive meeting of the Ad Hoc Committee will be held. Whether the U.S. will be forward looking, and not defensive, remains to be seen.

Question: Wasn't it part of Ambassador Moynihan's duty to endorse the DOD opinion at the disarmament talks?

Answer: During the six weeks of meetings on disarmament of the First Committee, he didn't once attend them. It was just too important a matter for the DOD to put in his hands! In the past, Bush and Stevenson, at least made an appearance, although they were not qualified as chief negotiators.

The DOD was probably afraid that Moynihan would "shoot from the hip" thus he wasn't given the task of making a single speech.

Question: What should the role of Congress be toward the UN disarmament discussions?

Answer: Information about them should be put in the record, in order to raise consciousness. Modest hearings should be held in committee about what the U.S. role should be. Some Congressmen have had experience that can be helpful.

Question: Is it the general feeling that disarmament must first be worked out by the major powers? The UN disarmament talks would provide a forum for other ideas to be floated.

Answer: That's what the U.S. and the U.S.S.R. would like you to believe. The stalemate in SALT and piles of weapons prove this is not so. In addition, the second powers must be taken into consideration. India knocked on the nuclear door. It can't be ignored! A new forum beyond SALT should be created. This raises two questions:

1. How can we bring China into the mix?

2. How should we go about convening a world disarmament conference? This should not be an end in itself. It should:

a. raise a world consensus about disarmament,

b. close down the Geneva CCD, and open up a new one where France and China would participate. No reforming of the CCD could entice China and France to come in. A whole new forum is needed—new name, new constituency. France is definitely ready, perhaps China could be sometime soon enticed to come in.

Remark: One additional thing has become clear to me (Seiberling). Due to technological advances, SALT will be eclipsed. It will have become a meaningless exercise, since other ways will be found to get around ceilings and detection. By that time a lot of other powers will be ready to get into the act.

Response: Exactly. This will lead to a totally new disarmament forum. Some of us, however, are now prepared to begin on a much more modest level.

Yugoslavia had a bright idea. They suggested that a Special Session of the General Assembly, devoted to disarmament could be convened. China and France would have to come. It is expected that the 31st General Assembly will approve such a Special Session. It is a step in the right direction, although it is not enough. The UN should convene a Special Session as a step toward a world disarmament conference.

Question: What part would the Third World play in a World Disarmament Conference?

Answer: It would be understood that a World Disarmament Conference would have to include conventional weapons. In that context, they would have to go along with the idea of World Disarmament Conference.

Question: We have a whole crew of presidential hopefuls before us. Is there any one among them whom you feel that have outstanding credentials in arms control?

Answer: I am impressed with both Kennedy and Humphrey. Each has good advisors and good positions. Harris also seems to have a good position on the issues related to arms control and disarmament.

Thirteen Out of Twenty-Five: The U.S. Disarmament Record at the 30th U.N. General Assembly

(By Dr. Homer A. Jack)

1. Introduction

U.S. Ambassador Daniel P. Moynihan told the closing moments of the 30th session of the U.N. General Assembly that it was "repeatedly the scene of acts which we regard as abominations." The session was a "profound, even an alarming disappointment." If this judgment is true, or partly true, it is not only because 72 Member States voted that Zionism was a form of racism, but because of other votes and other issues.

The U.S. position on disarmament issues at the 30th session of the U.N. General Assembly was indeed an "abomination," even if the State Department apparently felt that these items were too sensitive to leave in the hands of Ambassador Moynihan. He never once dealt with the 19 disarmament items which should be of more than casual interest to the spokesman of that handful of "functioning, representative democracies in the world."

The spotlight on the Arab initiative to condemn Israel in the U.N. managed to conceal what the U.S., and its atomic bedfellow, the U.S.S.R., are doing to resist even modest efforts of other nations—including some of America's NATO allies—to break the stalemate in the world arms race.

For too many years the action, or rather inaction, of the U.S. at the U.N. and related disarmament discussions and forums has been obscured by "more important events." For too long the negative, truculent posture of the U.S. in the field of disarmament has been masked at the U.N. only because it has only been duplicated by similar action by the U.S.S.R.

But the posture of the U.S. during the 30th session of the General Assembly is too hypercritical to escape notice at a time when the U.S. is making accusations about other States at the U.N. on a whole series of issues.

The 30th session of the General Assembly adopted 25 resolutions on disarmament. All were acceptable resolutions—and a number of Member States (such as Mexico, Nigeria, and Romania) voted for all 25. Some resolutions were better and more important than others. None received less than 82 votes and eight were adopted by consensus. However, of these 25 resolutions, the U.S. voted in favor of only 13 or 52 per cent. U.S. Ambassador Joseph Martin also admitted that, if the U.S. had a choice and there was no agreement for certain consensus votes, the U.S. would have abstained on another three resolutions!

The U.S.S.R. at least voted for 15 or 60 per cent of these resolutions. China, which allegedly "is not yet ready for disarmament," also voted for 60 per cent. And such allies of the U.S. as Canada and Japan voted for 20 and 21 resolutions respectively.

This Memorandum is devoted to giving—and exposing—the voting record of the U.S. at this latest session of the U.N. General Assembly. The world is marching toward nuclear war and the U.S. voting record is about as constructive as that of Albania.

This Memorandum gives the comments of U.S. Ambassador Joseph Martin on these disarmament issues made during the 30th General Assembly. No responses are given from "the other side," but in a sense the response is given in the final tally of votes on each resolution. For a full discussion of each of the issues, see the author's forthcoming memorandum, "Disarmament at the 30th U.N. General Assembly," published by the World Conference on Religion and Peace (WCRP), which also published similar memoranda for the 26th, 27th, 28th, and 29th sessions of the General Assembly.—H.A.J.

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3. Nuclear Disarmament Issues

A. Strategic Arms Limitation Talks (SALT II)

Seven non-aligned members of the Conference of the Committee on Disarmament (CCD meeting at Geneva) introduced a draft resolution into the First Committee of the 30th session of the U.N. General Assembly on SALT II. This regretted (an earlier draft used the word, "deplores,") the absence of "positive results during the last two years" of SALT II. Further, it expressed "concern for the very high ceilings of nuclear arms set for themselves by bth States, for the total absence of qualitative limitations of such arms, for the protracted time-table contemplated for the negotiations of further limitations and possible reductions of the nuclear arsenals, and for the situation thus created." Finally, it urged anew that the two States "broaden the scope and accelerate the pace of their strategic nuclear arms limitation talks," and stressed once again "the necessity and urgency of reaching agreement."

U.S. Ambassador Joseph Martin (to CCD and the 30th General Assembly) in his opening address to the First Committee recognized that "all members of this body have an important stake in the outcome of those negotiations (SALT II), which affect

both the strategic balance between the two countries and the security of the world at large." He pledged "to keep the General Assembly fully informed of the results of those negotiations." (1)* (Previous U.N. resolutions on this point were hardly implemented by the U.S. or the U.S.S.R. Indeed, it was not until November 25, 1975, that the two super-powers bothered to circulate to the U.N. the communique of Vladivostok, dated November 24, 1974.) (2)

Ambassador Martin further declared that "the U.S. hopes to conclude in the near future the negotiation of a SALT II agreement based on principles set out in the summit meeting at Vladivostok a year ago." By imposing equal limits on the aggregate number of strategic delivery vehicles on each side, "the new agreement will eliminate many of the uncertainties that have driven the competition for nuclear arms." He added: "But frankly, curbing this competition is not enough. We must work vigorously to reduce the nuclear arsenals that have already been assembled. Therefore, my Government intends to proceed as soon as possible to follow-on negotiations aimed at achieving further limitations and reductions." (3)

Just before the vote, Ambassador Martin said that his delegation welcomed the "interest shown by the world community in the SALT talks, and the U.S. reaffirms its desire to achieve, at the earliest possible date, a SALT II agreement limiting quantitative and qualitative aspects of competition in strategic arms." He announced that the U.S. would vote against the resolution.** Indeed, he wanted to register "strong objections in particular" to the statements in two operative paragraphs which, he said, "seriously misrepresent the facts." He called the Vladivostok Accords "a major breakthrough."(4)

The draft resolution was adopted 102 to 10, with 12 absentions. (5) Joining the U.S. with negative votes were the Soviet Union and eight of its Warsaw Pact allies. The 12 absentions included eight NATO States, Cuba, Japan, Mozambique, and Tanzania. However, such friends of the U.S. as Australia, Ireland, Israel, Netherlands, New Zealand, Norway, Spain, and Sweden voted in favor of the resolution.

Comment of author: The U.S. (or the U.S.S.R.) need not have reacted so sharply to the resolution. The U.S. could at least have abstained; indeed, the U.S. could have voted in favor of the resolution, showing that it, too, wanted more progress in the negotiations.

B. Comprehensive test-ban agreement

1. Five-Power Negotiations

The first of two test-ban resolutions was introduced by the Soviet Union, but eventually in its revised form it attracted 11 cosponsors. All were socialist States except Costa Rica, Finland, and Mauritius. This was not a "bad" resolution, but it was unrealistic in that it called upon all nuclear-weapon States to enter into negotiations, not later than 31 March 1976, to reach agreement on the complete and general prohibition of nuclear weapon tests. It also invited 25 to 30 non-nuclear-weapon States, to be appointed by the President of the General Assembly, to participate in these negotiations. A similar formula was suggested by the Soviet Union several years ago to discuss convening a world disarmament conference. This met many political obstacles and indeed the discussions never were held. It is felt that this formula will in no way entice China, among other nuclear-weapon States, to participate, and thus the resolution is a non-starter.

U.S. Ambassador Martin made the following observation on the resolution: "The Soviet draft does not appear to solve the problem that must be solved if we are to achieve that objective (a complete halt to all nuclear-weapon testing). In particular, reliance on national means of verification is not, in our view, an adequate basis for clearing up uncertainties as to whether ambiguous seismic signals are caused by an earthquake or by a nuclear explosion. Moreover, the draft does not specify verification measures for peaceful nuclear explosions, but merely states that such explosions would be governed by a separate agreement. This approach leaves unresolved the critical question of whether, under a comprehensive test ban, an adequately verifiable accommodation for peaceful nuclear explosions can be worked out." (6)

In a further statement Ambassador Martin said: "It is clear that it is not realistic to expect all nuclear-weapon States to agree to join comprehensive test-ban negotiations in the near future. Under these circumstances, we frankly believe that the only sound course of action is to continue consideration of the test-ban issue in existing negotiating forums, particularly the CCD." (7) Thus the U.S. would abstain in voting on the draft resolution.

This resolution was adopted 94 to 2 with 34 abstentions.(8) China and Albania voted against, while other States which abstained included France, the Federal Republic of Germany, India, Kenya, Portugal, Spain, Turkey, Tanzania, and Zambia.

Comment: The U.S. could have voted in favor of this resolution, while recording its understandable doubts that it is a realistic approach. Such allies of the U.S. as Australia, Belgium, Canada, Ireland, Israel, Italy, Japan, the Netherlands, Norway, and the U.K. did vote in favor of this resolution.

2. Suspension of Tests

The second draft resolution on the subject of a comprehensive test-ban was introduced by Australia and co-sponsored by 11 States. It condemned "all nuclear weapon tests, in whatever environment they may be conducted." Deploring the continued lack of progress towards an agreement, it called upon all nuclear-weapon States to "bring to a halt all nuclear weapon tests through an agreed suspension subject to review after a specified period, as an interim step towards the conclusion of a formal and comprehensive test ban agreement." It finally urged CCD to give highest priority to conclude an agreement.

Ambassador Martin began his comments on this text by asserting that members of the General Assembly "would be deluding themselves to believe that significant progress can be made (on reaching agreement) without recognizing and coming to grips with the problems that must be solved if that objective is to be realized." He felt the draft resolution ignored or minimized the problems.

The American spokesman said that the U.S. believes "that it is illusory to expect States to enter into an agreement affecting their basic security interests in the absence of sufficient confidence that the terms of the agreement will be fully respected." A test-ban agreement must contain a verification system capable of performing two essential functions. First, it must "provide adequate assurance that clandestine weapon tests are not going undetected and unidentified." This requires, he insisted, "the ability to determine whether ambiguous signals—even relatively small signals—are caused by an earthquake or a nuclear explosion." So far there is no agreement. Second, a verification system "must assure participants that weapons-related information is not being obtained from nuclear explosions carried out ostensibly for peaceful purposes." Again he insisted that "no solution to this complex problem has yet been found." The international community has "hardly begun to examine the critical question of whether, under a comprehensive test ban, an adequately verifiable accommodation for peaceful nuclear explosions is possible." Further, the U.S. cannot agree that an agreed suspension of tests is "an interim step towards" an effective treaty.

The draft resolution "simply ignored" the Threshold Test-Ban Treaty, signed by the U.S. and U.S.S.R. (but not yet ratified). While "legitimate and sincere differences of opinion can exist concerning the adequacy of progress towards a comprehensive test ban," to deny, "as this paragraph does," that progress has been made, is not only a "distortion of the historical record but could also work against the comprehensive test ban objective if opportunities are missed to build upon the progress that has already been achieved." (9)

The draft resolution was adopted 106 to two (Albania and China), with 24 abstentions. (10) In addition to a number of Warsaw Pact and NATO States, others abstaining included Algeria, Burundi, Cuba, and Mozambique. On the other hand, allies of the U.S. which voted for the resolution included Australia, Canada, Ireland, Israel, Japan, the Netherlands, New Zealand, and Norway.

Comment: This would be a hard resolution for the U.S. to endorse unless it changed its longtime policy. But why does it not change its policy and at least announce a suspension of all tests, asking the Soviet Union to join?

C. Peaceful nuclear explosions

PNEs—peaceful nuclear explosions—have lurked in the background of disarmament talks, but came out into the open with the Indian test in 1974 and the Non-proliferation Treaty Conference in 1975. The Netherlands and 12 other States co-sponsored a draft resolution on PNEs of an omnibus character. It appealed "once again to all States, in particular nuclear-weapon States, to exert concerted efforts in all appropriate international forums" to cease the nuclear arms race. It noted that the U.S.S.R. and the U.S. had not yet held consultations to conclude a special agreement on nuclear explosions for peaceful purposes as envisaged in Article V of the NPT and invited them to do so. It also stressed "the need to ensure, particularly in the context of a comprehensive test ban, that any testing or application of nuclear explosions for peaceful purposes does not contribute to the testing or refinement of the nuclear weapon arsenals of nuclear-weapon States or to the acquisition of nuclear explosive capability by other States."

Ambassador Martin pointed out that, in CCD, his delegation suggested that if peaceful nuclear explosions were to be accommodated under a comprehensive test ban, a verification system would have to be devised that, at the minimum, could provide adequate assurance that peaceful nuclear explosions did not involve 1—the testing of a new weapon concept, 2—the use of a stockpiled weapon to verify its performance, and 3—the carrying out of studies of the effectiveness of nuclear weapons." He said that, "quite frankly, no solution to this problem has yet been found."

The American Ambassador felt that "further consideration of that difficult problem could provide a better understanding of how it might be possible to achieve adequate assurance that nuclear weapons-related benefits would not be obtained if peaceful nuclear explosions were permitted under a comprehensive weapons test ban." He recalled that a second aspect of the problem was examined by CCD—the implications of peaceful nuclear explosions for non-proliferation. He recalled that "there was a very wide measure of agreement in the Committee, based on evidence presented by technical experts, that acquisition by a non-nuclear-weapon State of a capability of conducting peaceful nuclear explosions is incompatible with the objective of preventing the spread

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* For notes and U.N. documentation, see the final section of this Memorandum.

**It is the current fashion in the U.N. to abstain rather than vote negatively. Indeed, in the votes on 25 disarmament resolutions, there were only 34 negative votes, but 272 abstentions.

of nuclear weapons." He said the recently formed Ad Hoc Advisory Group on Peaceful Nuclear Explosions of the International Atomic Energy Agency (IAEA) should make headway in laying the "legal and procedural foundation for the international service that would be required if the remaining questions concerning the feasibility and utility of peaceful nuclear explosions should be resolved."(11)

In explaining why the U.S. would abstain in the vote, Ambassador Martin said that the subject was "of great importance" to his country. He felt that operative paragraphs five and six were unnecessary and would convey a "misleading impression" about the process of working out the special agreement contemplated in Article 5 of the NPT. Since much activity was under way within the IAEA, he questioned "whether any constructive purpose is served by noting that—as of May 1975 presumably—no consultations on the subject had taken place." He also pointed out that CCD had concluded that, "because of their common inherent technical characteristics, all nuclear explosive devices, regardless of their particular design features or intended application, could be employed in some fashion as a nuclear weapon." He felt that there was no basis "for believing that it could be possible to develop a strictly peaceful nuclear explosive device—that is, one not capable of military application." Mr. Martin did point out the constructive elements in the resolution and was prepared to support it in the form originally introduced by the Netherlands and regretted that the amendments compelled the U.S. to abstain.(12)

The resolution was adopted 97 to five, with 24 abstentions.(13) China and India were among those voting against, while those abstaining included more Warsaw Pact States—including the Soviet Union—than NATO States. Indeed, those voting in favor included Belgium, Australia, Canada, Federal Republic of Germany, Ireland, Israel, Italy, Japan, Norway, Sweden, and the U.K.

Comment: Why couldn't the U.S. go along with some of its friends on this vote?

D. Nuclear-free zones

1. The Comprehensive Study

The 29th General Assembly asked CCD to make a comprehensive study of the question of nuclear-weapon-free zones. This was done.(14) Finland introduced a draft resolution urging that all Governments study the report and transmit to the Secretary-General, before 30 June 1976, views and suggestions on the study as they may deem appropriate. It also urged that the report be published and distributed.

Ambassador Martin observed that the study "merits serious consideration by Governments," since it "provided a more realistic and complete assessment than heretofore existed of the prospects for and potential value of nuclear-weapon-free zones." This study was not, however, within the recent tradition of unanimous expert-consultation reports supervised by the Secretary-General. However, Mr. Martin felt this was a strength, since "the experts carrying out this study outlined areas of disagreement as well as areas of agreement." This method "made it possible to explore problems that otherwise would not have been considered."(15)

The resolution was adopted 126 to none, with two abstentions (Greece and Uganda). (16) The U.S. voted in favor of the resolution.

2. The Concept

Six States co-sponsored a resolution which went beyond the comprehensive study and attempted to outline the concept of a nuclear-weapon-free zone and defined the principal obligations of the nuclear-weapon States toward the zones and the States included therein. This draft resolution caused perhaps the most controversy within the First Committee during the 30th session. The resulting resolution obtained the lowest number of votes—82—among all 25 disarmament resolutions adopted.

Ambassador Martin during an address in the general debate of the First Committee said that "while nuclear-weapon-free zone projects can be given an initial impetus by General Assembly resolutions, there is no substitute for the development of specific zone arrangements by the States concerned." (17) When the draft resolution was introduced Ambassador Martin wanted to express the "strong" opposition of the U.S. "at the earliest practicable moment." He felt that the study showed that the questions of the obligations of nuclear-weapon States toward these zones are "both highly complex and subject to widely divergent views." He recalled that his Government "made it clear that it will not commit itself to any particular set of undertakings towards a nuclear-weapon-free zone in advance of negotiations of specific arrangements for the zone." The U.S. Government in addition questioned "the proposed definitions in and of themselves, as well as the utility of seeking universally valid definitions of the nuclear-weapon-free zone concept." His strongest objections concerned the implications in the draft for the role, competence, and authority of the General Assembly. He asserted that "there is absolutely no justification in the U.N. Charter or international law for arguing that 'endorsement' or 'recognition' by the General Assembly can be either a necessary or a sufficient condition for entry into force of a nuclear-weapon-free zone or for the assumption of obligations towards the zone by States not located in the region." Finally, he felt it unfortunate that the resolution should have been presented before Member States had an opportunity to present their views on the issues raised by the comprehensive study. (18)

The draft resolution was somewhat amended, but just before the vote in the First Committee Ambassador Martin indicated that "these changes do not, in our opinion, respond in a satisfactory manner to the objections we expressed last week." Consequently, the position of the U.S. was "unchanged and we will vote against the draft resolution." (19)

The U.S. did so in the First Committee and in the plenary. In the latter the resolution was adopted 82 to 10, with 36 absentions. (20) Those voting in favor included China, Finland, Iran, Mexico, and Yugoslavia. A number of NATO members voted negatively with the U.S. The socialist bloc abstained as did Canada, Israel, Jauan, Norway, and Sweden.

Comment: This is probably the one resolution in which the U.S. could honorably have abstained. However, it is still a good resolution and the U.S. would have encouraged the creation of new nuclear-free zones by voting in favor of this resolution.

3. The Indian Ocean

The General Assembly in 1971 declared the Indian Ocean as a Zone of Peace. An Ad Hoc Committee on the Indian Ocean was established to attempt to implement this Declaration. However, of the five permanent members of the Security Council, only China voted in favor of the Declaration and only China so far is a member of the Ad Hoc Committee.

Sri Lanka, chairman of the Ad Hoc Committee, introduced a draft resolution which acknowledged the report of the Ad Hoc Committee and recognized that an agreement had been reached in principle to convene a conference on the Indian Ocean. The resolution further requested the Ad Hoc Committee to continue its work and invited all States, "in particular the great Powers and the major maritime users of the Indian Ocean, to cooperate with the Ad Hoc Committee."

The U.S. did not discuss the resolution or the Declaration, this session, but its skepticism about the Indian Ocean Zone of Peace is well known in the General Assembly. Nevertheless, the resolution was adopted 106 to none, with 25 abstentions. (21) Those joining the U.S. in abstaining included major NATO and Warsaw Pact States, including the Soviet Union, the U.K., and France. Those voting in favor included Australia, China, India, Japan, and Sweden.

Comment: The U.S. is short-sighted in not voting for such a resolution and for not cooperating fully with the Ad Hoc Committee.

4. The South Pacific

New Zealand and Papua New Guinea submitted a draft resolution on the establishment of a nuclear-weapon-free zone in the South Pacific. This endorsed the idea of the establishment of a zone, invited the countries concerned "to carry forward consultations about ways and means of realizing this objective," and expressed the hope that all States, and "in particular the nuclear-weapon States," would cooperate fully in achieving these objectives.

Ambassador Martin explained the abstention of the U.S. because "the U.S. is not prepared to endorse the establishment" of such a zone. The U.S. would have welcomed the resolution if it called on the States concerned to engage in consultations "without implying a commitment in advance to the establishment of such a zone." He revealed that the representative from New Zealand indicated that its proponents intended to seek its extension eventually to include areas of the high seas. He said that "the U.S. cannot endorse a proposal that contemplates restrictions on internationally recognized rights of navigation and overflight of maritime areas, including the rights of innocent passage through territorial seas." (22)

The resolution was adopted, 110 to none, with 20 abstentions.(23) Those joining the U.S. included mostly Warsaw Pact and NATO States. Those voting affirmatively included Australia, Canada, Denmark, Ireland, Israel, Japan, the Netherlands, and Sweden.

Comment: The U.S. could easily have voted affirmatively.

5. South Asia

India and Pakistan both submitted draft resolutions on a nuclear-weapon-free zone in South Asia. The Indian draft decided "to give due consideration to any proposal for the creation of a nuclear-weapon-free zone in an appropriate region of Asia, after it has been developed and matured among the interested States within the region concerned." The Pakistan draft narrowed the area to South Asia: "Urges the States of South Asia to continue their efforts to establish a nuclear-weapon-free zone in South Asia." Some efforts were made to bring the two drafts together; these failed and it was agreed to vote on both drafts. Moreover, it was agreed to adopt both by consensus.*

*In recent years there has been a precedent of the passage of two resolutions on the same subject which tend to contradict each other; e.g., the two resolutions on Korea adopted also by the First Committee during the 30th session. A consensus, in recent U.N. tradition, is an agreement not to put a resolution to a vote, but to agree to adopt it without a vote—unanimously. However, some nations may indicate beforehand that they will not participate in the consensus. Others may indicate afterwards that, had there been a vote, their delegation would have abstained.

Both resolutions were adopted by consensus.(24) However, Ambassador Martin indicated that, had there been a vote, his delegation would have abstained. It was the U.S. view that "this year's resolutions embody quite different approaches to the stated objective, just as they did last year." He emphasized consultations and careful preparations and added that "an important consideration is determining the attitude of the U.S. toward any particular zone arrangement is based on whether it effectively prohibits the indigenous development of any nuclear explosive capability for whatsoever purpose." (25)

6. The Middle East

Egypt and Iran submitted a draft resolution similar to one adopted by the 29th General Assembly. It recommended that Member States in the area, pending the establishment of the zone under effective safeguards, "proclaim solemnly and immediately their intention to refrain, on a reciprocal basis, from producing, acquiring or in any other way possessing nuclear weapons and nuclear explosive devices, and from permitting the stationing of nuclear weapons, in their territory or the territory under their control by any third party." It also recommended the nuclear-weapon States refrain from any action contrary to the purpose of this resolution.

Ambassador Martin asserted that the U.S. "supports the objective of the establishment of a nuclear-weapon-free zone in the Middle East under conditions which we have enumerated in the past for assuring the effectiveness of such a zone." He added that the U.S. was "prepared to lend our cooperation to efforts to achieve this objective." The U.S. did question "the approach of asking States to undertake commitments in advance of the negotiations of a zone arrangement."(26)

The resolution was adopted 126 to none, with two abstentions (Israel and the United Republic of Cameroon).(27) The U.S. voted with the majority.

Comment: It is somewhat of a mystery why the U.S. voted for this resolution, while it abstained in voting on roughly similar resolutions on creating nuclear-free zones elsewhere.

7. Africa

Since 1961, attempts have been made to make the African continent a nuclear-free zone. However, no efforts have been made to implement the attempt as in Latin America with the Treaty of Tlatelolco. A resolution was introduced by a number of African States once again reaffirms its call upon all States to consider and respect the continent of Africa, as a nuclear-weapon-free zone. Further, it reiterates its call upon all States to refrain from testing, manufacturing, deploying, transporting, storing, using or threatening to use nuclear weapons on the African continent.

After the vote, Ambassador Martin said that the affirmative vote reflected the long-held view that "the establishment of nuclear-weapon-free zones in appropriate regions of the world could usefully complement the Non-Proliferation Treaty as a means of preventing the spread of nuclear weapons." He warned, however, that the U.S. would "have to examine specific nuclear-weapon-free zone arrangements in the light of the criteria we have enunciated in the past."(28)

The resolution was adopted 131 to none.(29) (Since a vote was taken, this is not technically a consensus.)

8. Treaty of Tlatelolco, Protocol I

For many years Latin American States have urged certain States to sign and ratify Additional Protocols I and II of the Treaty for the Prohibition of Nuclear Weapons in Latin America—the Treaty of Tlatelolco. The U.S. ratified Protocol II, but not Protocol I. The latter deals with territories lying within the zone of the Treaty. The U.K. and the Netherlands have ratified this Protocol. The draft resolution again urges France and the U.S. to sign and ratify the Protocol "as soon as possible, in order that the peoples of the territories in question may receive the benefits which derive from the Treaty and which consist mainly in removing the danger of nuclear attack and sparing the squandering of resources on the production of nuclear weapons."

Ambassador Martin told the First Committee that the U.S. does not believe that either the U.S. Virgin Islands or Puerto Rico could be included in the zone because the former is "a part of U.S. territory" and the latter "has a special relationship with the U.S." He also said that the Guantanamo base could be included if the Government of Cuba were to sign and ratify the Treaty and that the Treaty should also apply to the Canal Zone upon return of jurisdiction over the zone to Panama under the new Treaty now being negotiated. Hence the U.S. would abstain. (30)

Ambassador Alfonso Garcia Robels of Mexico answered by asking the U.S. to take a plebicite in Puerto Rico—"through one of those referendum which are frequently held in Switzerland"—to ascertain whether they would agree to the U.S. signing and ratifying Protocol I. He asserted that "there is nothing in either international law or international practice to prevent a State from deciding, in exercise of its sovereign freedom, not only to denuclearize militarily, but even to demilitarize completely, a Territory that is under its jurisdiction." He gave numerous examples to show that "there is no insurmountable obstacle at all to compliance with this draft resolution." (31)

The resolution was adopted 113 to none, with 16 abstentions. (32) The U.S. abstained. So did the U.S.S.R. and France.

Comment: The U.S. could take a modest initiative by signing and ratifying Additional Protocol I, without jeopardizing its security.

9. Treaty of Tlatelolco, Protocol II

The U.S., France, hCina, and the U.K. are parties of Additional Protocol II of the Treaty for the Prohibition of Nuclear Weapons in Latin America—tne Treaty of Tlatelolco. They pledged not to use nuclear weapons toward any member of this zone. However, the Soviet Union has not signed and ratified this Protocol. The draft resolution "again urges" it to sign and ratify the Protocol II.

The resolution was adopted 115 to none, with 12 abstentions. (33) The U.S. voted in favor of this resolution. However, 12 States abstained, including the Soviet Union and its allies.

4. CONVENTIONAL DISARMAMENT ISSUES

A. Indiscriminate weapons

The U.N. for several years has tried to outlaw the use of napalm and other incendiary weapons. To date the U.S. has not been exactly helpful in promoting this goal. Sweden introduced a draft resolution on this subject, ultimately co-sponsored by 16 States. This in effect keeps the subject alive by urging the third session of the Diplomatic Conference on the Reaffirmation and Development of International Humanitarian Law Applicable in Armed Conflicts (meeting in Geneva) to continue its consideration of the use of specific conventional weapons, "including any which may be deemed to be excessively injurious or to have indiscriminate effects, and its search for agreement for humanitarian reasons on possible rules prohibiting or restricting the use of such weapons." The resolution had the effect of broadening concern for napalm and other incendiary weapons to "other specific conventional weapons which may be the subject of prohibitions or restrictions of use for humanitarian reasons."

The U.S. in the First Committee did not comment on this subject during this 30th session. Indeed, it is thought that the Pentagon may be more positive in the future, than in the recent past, on some action to ban or otherwise restrict the use of some of these weapons.

The resolution was adopted by consensus, in which the U.S. joined. (34)

Comment: Here is a new field for the limitation of arms. The U.S. should begin to take the lead instead of following fitfully Sweden, Mexico, and other States with humanitarian concerns in this field.

B. Chemical weapons

For some years CCD has tried to complete a treaty prohibiting the production and stockpiling of chemical weapons. There have been considerable resistance and delays, especially by the U.S.

Twenty-four States co-sponsored a resolution which reaffirmed the objective of reaching early agreement on the "effective prohibition of the development, production, and stockpiling of all chemical weapons and on their elimination from the arsenals of all States." It further urged all States to make every effort to facilitate early agreement, especially through CCD which would negotiate this matter with high priority.

Ambassador Martin recalled that, since the General Assembly last met, the U.S. completed its ratification of the Geneva Protocol (after almost 50 years!). He said that "it is no secret to members of this Committee that the negotiation of a ban on chemical weapons has proved more complex and difficult than many of us anticipated. Because the production and stockpiling of chemical weapons can be concealed more easily than many other military activities, particularly in countries with large chemical industries, verifying compliance with a treaty can present great difficulties. Nevertheless, the goal of finding effective solutions has been pursued in good faith and, without in any sense attempting to minimize the difficulties ahead, I think it fair to say that there has been at least some progress." He indicated that the U.S. has concluded that "an initial chemical-warfare measure should deal with all lethal chemical weapons." He pledged that "in the months ahead, my Government will continue its efforts in this field with the hope that they will point to promising approaches to a possible joint initiative at the CCD during 1976." (35)

The resolution was adopted by consensus, in which the U.S. joined. (36)

Comment: The U.S. has been dragging its heels in Geneva on completing this Treaty.

C. Mass destruction weapons

The Soviet Union introduced a new agenda item entitled, "Production of the development and manufacture of new types of weapons of mass destruction and new systems of such weapons." The revised-draft resolution, co-sponsored by 18 States, urged that an appropriate international treaty be concluded." It asked the CCD, with the assistance of qualified experts, to work out the text of such a treaty. The Soviet Union appended a draft treaty, with article one pledging each State Party not to develop or manufacture new types of weapons of mass destruction or new systems of such weapons, including those utilizing the latest achievements of modern science and technology. Significantly, the definition of such types of weapons was to be specified through subsequent negotiations.

Ambassador Martin stated that the U.S. shared with the co-sponsors the concern "over the dangers posed by the possible development of new weapons of mass destruction." The U.S. felt, however, that "before making a commitment to seek restraints on new weapons of mass destruction, it is essential to obtain a clear understanding of the issues involved." However, the U.S. could not agree at this time that it is necessary to conclude a treaty or that CCD proceed as soon as possible to work out the text. Thus the U.S. would abstain. (37)

The resolution was approved 112 to one (Albania), with 15 abstentions. (38) The latter included, in addition to the U.S., some nine NATO States, Israel, Malawi, Mauritania, Morocco, and Uganda. However, the following friends of the U.S. voted in favor of the resolution: Australia, Canada, Japan, New Zealand, Norway, and Sweden.

Comment: The U.S. could easily have voted in favor of the resolution and waited to a later stage to abstain if strong reasons for disapproval arose.

D. Climate and environment

The CCD had received identical draft texts of a convention on the prohibition of military or any other hostile use of environmental modification techniques, submitted

by the U.S. and the U.S.S.R. A number of States co-sponsored a draft resolution noting "with satisfaction" the existence of these identical drafts and requesting CCD to continue negotiations with a view to reaching early agreement.

Ambassador Martin told the general debate in the First Committee that "while environmental warfare is not a present practicable means of military action on a significant scale, our understanding and technology in the field are advancing." Thus the U.S. believes that "action should be taken now to adopt effective restraints—that is, before techniques are perfected and their potential threat materializes." He listed four conceptual challenges with which, he felt, the draft convention deals successfully. He warned that the prohibitions should not "impede the full realization of any peaceful benefits that may result from environmental modification." He admitted that the draft does not attempt to prohibit research and development. (39)

The resolution was adopted by consensus, in which the U.S. joined. (40)

5. PROCEDURAL ISSUES

A. World Disarmament Conference

Efforts to convene a world disarmament conference have continued for many years, especially since 1971. For two years an Ad Hoc Committee on the World Disarmament Conference has been meeting at New York, composed of 40 Member States and whatever of the five nuclear-weapon States which wanted to associate themselves with the Committee. Despite public and private negotiations, the Ad Hoc Committee has been unable to announce that the political situation was ripe to convene a Preparatory Committee for a world disarmament conference. Twenty-five States co-sponsored a draft resolution at least to keep the Committee alive. It renewed the mandate of the Committee and asked it to submit a report to the 31st session of the General Assembly.

The U.S. did not speak at this session about the Ad Hoc Committee, or a world disarmament conference. The U.S. has been, however, the chief opponent of convening a world disarmament conference—together with China. Also the U.S. and China have been the two members of the nuclear club which have not physically participated in the meetings of the Ad Hoc Committee.

The resolution was adopted by consensus, in which the U.S. joined. (41)

Comment: The U.S. has nothing to lose in the convening of a world disarmament conference—and the people of the U.S. and the world have much to gain. The U.S. could at least begin by taking its seat in the meetings of the Ad Hoc Committee and urging China to do likewise.

B. Military expenditures

The Soviet Union in 1973 introduced a resolution that would ask the five permanent members of the Security Council—China, France, U.S.S.R., U.S., and U.K.—to make a reduction of ten percent in their annual military expenditures. While this resolution (42) was adopted, only the U.S.S.R. was ready to implement the resolution.. Mexico and other States did, however, try to rescue part of the proposal by suggesting that a group of consultant-experts study the reduction of military budgets. This was completed and presented to the 29th General Asesmbly. (43) Mexico and Sweden submitted to the First Committee a draft resolution. In its operative clauses it urged "the two States with the highest levels of military expenditures, in absolute terms, pending such agreement (among the permanent members of the Security Council), to carry out reductions of their military budgets." Also it requested the Secretary-General, assisted by a group of qualified experts, to prepare an in-depth analysis defining the military sector and military expenditures, the valuation of resources in the military sector in different economic systems, examining methods of measuring real expenditure trends, and considering methods for accurate currency comparison of military expenditures.

Ambassador Martin revealed that the U.S. in CCD suggested that the latter organize a study of the questions that must be answered to determine the feasibility of agreed military expenditure limitations. He asked three questions: First, how can one measure the military spending of different countries so as to permit effective comparisons when we must take into account their different currencies, their different fiscal and financial practices, and their different kinds of armed forces? Second, how can limitations be formulated and applied so that no country will feel that its security could be endangered by an agreement encompassing such limitations? Third, how can compliance with a limitation agreement be assured?(44)

After the vote, Ambassador Martin explained the abstention by the U.S. It was unacceptable that an operative paragraph singled out two States. He did not understand "how any State can be expected to reduce its defence expenditures without some assurance that doing so would not jeopardize its security." Under present conditions, "it is not even feasible for one State to compare its own defence expenditures with those of other States." However, the U.S. abstention did not reflect disagreement with "the central purpose of the draft resolution as set out in the last five paragraphs." Indeed, it represented "in our view, an essential step forward toward creating conditions in which agreed limitations on military expenditures can become a serious possibility." Although the U.S. suggested the CCD be a venue, he could agree that the Secretary-General assume the responsibility. Further, the U.S. was prepared "to cooperate fully in the preparation of the report called for in the draft resolution."(45).

The resolution was adopted 108 to two (Albania and China), with 21 abstentions.(46) Joining the U.S. was the U.S.S.R. and eight NATO States and seven Warsaw Pact States. However, among those States voting were Australia, Denmark, Ireland, Israel, Japan, New Zealand, and Norway.

Comment: The U.S. could easily have asked for a separate vote, in the First Committee or in the plenary, or those preambular or operative paragraphs to which it took exception, in order to go on record to oppose thm without abstaining in a vote on the whole resolution. This is established U.N. procedure, which the U.S. uses often.

C. Economic and social consequences of the arms race

A group of consultant-experts prepared for the Secretary-General in 1971 a report on "Economic and Social Consequences of the Arms Race and of Military Expenditures." Romania introduced a draft resolution on this subject, co-sponsored by 14 additional States. It requested the Secretary-General to update the report, using qualified consultant-experts, and taking into account any new developments.

Ambassador Martin indicated, after the vote in the First Committee, that had the resolution been put to a vote, the U.S. would have abstained. He did not object to updating the report, but he did object to the establishment of a group of consultant-experts. He also objected that the resolution contained a specific reference to the Charter of Economic Rights and Duties of States—a concept which the U.S. rejects, and its position "remains unchanged."(47)

The resolution was adopted by consensus, in which the U.S. joined. (8)

Comment: This study entailed an additional appropriation of $79,000.(49) The U.S. objection to paying its share of this amount—or approximately $20,000—is unbelievable in juxtaposition to a U.S. military budget of more than $100 billion annually.

D. Role of the U.N.

The Secretary-General in the Introduction to his annual report to the General Assembly,(50) suggested that a basic review be made of the role of the U.N. in the disarmament field. Sweden took the initiative, later joined by eight States, in introducing a resolution establishing an Ad Hoc Committee of the General Assembly, open to the participation of all Member States, to carry out a basic review of the role of the U.N. in the disarmament field. Further, all States would be invited to communicate to the Secretary-General, no later than 1 May 1976, their views and suggestions; in June/July 1976 there would be a two-week substantive session and one week in September 1976.

Ambassador Martin announced, after the vote, that the U.S. abstained because the basic concern of the U.S. was with the underlying idea of the resolution that "multilateral disarmament efforts would be facilitated by adjustments in negotiating procedures or organizational changes." While the U.S. is fully prepared to consider in a constructive spirit means by which existing multilateral machinery could be improved, it did "not believe that organizational and procedural changes are of central importance to progress in disarmament." He felt that "focusing on organizational questions could in fact divert attention from those problems and even create false expectations, with the possible effect of undermining rather than strengthening the efforts under way in existing bodies." He concluded that "the establishment of a new ad hoc committee . . . offers little potential for improving prospects for concrete achievements in multinational disarmament negotiations."(51)

The resolution was adopted 108 to two (Poland and the U.S.S.R.),* with 14 abstentions.(52) In addition to the U.S., those abstaining included three NATO Pact States and five Warsaw Pact States. Those friends of the U.S. which voted in favor of the resolution included Australia, Canada, France, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, and Sweden.

Comment: There is no real reason for the U.S. to abstain, except to keep U.N. expenses low. However, while the servicing costs for the Ad Hoc Committee were estimated to run to almost one-half million dollars, the Fifth Committee decided that conference services of the U.N. could fit the Committee's meetings within its regular budget and no additional appropriation would be required. (53) Thus it is even more difficult to find a reason for the U.S. to abstain, except to keep the Russians company.

E. The disarmament decade

The 1970s is the Disarmament Decade and the 30th session had an agenda item entitled, "Mid-term review of the Disarmament Decade: Report of the Secretary-General." The report of the Secretary-General included responses from some Member States. (54) Nigeria introduced a draft resolution co-sponsored by 12 additional States. This reiterated "the central interest of the U.N. in all disarmament negotiations," deplored the "wastage of resources," and called upon Member States "to intensify their efforts in support of the link between disarmament and development." It also decided to include on the provisional agenda of the 31st session an item entitled, "Effective measures to implement the purposes and objectives of the Disarmament Decade."

Ambassador Martin said that the U.S. had "some reservations concerning its elements and language." He questioned "the value of asserting an essential link between Disarmament and development." He said that while both of these objectives are important, "prog-

*The verbatim record indicated that Poland and the U.S.S.R. subsequently gave notice that they intended to abstain and not vote negatively.

ress in achieving disarmament depends upon the solution of problems that in many respects are fundamentally different from those of development." He concluded that "in our view, disarmament and development should be pursued on their own merits, without being made mutually dependent." (55)

The resolution was adopted by consensus, in which the U.S. joined. (56)

Comment: The U.S., and other Western States, tend to repeat the ritual that disarmament and development should be pursued on their own merits, and that any link is slight. Yet whenever the obvious development needs of the developing world in dollars are made known, the only place such magnitude of sums are available in the U.S. budget is from that of the Pentagon.

F. Strengthening the disarmament secretariat

Austria introduced a resolution, co-sponsored by 11 additional States, which requested the Secretary-General to take appropriate steps for the strengthening of the Disarmament Affairs Division of the U.N., including the addition of staff necessary for the effective carrying out of its increased responsibilities. The latter included an augmented load of conferences as well as implementation of decisions adopted by the General Assembly in this field.

Ambassador Martin requested a recorded vote. The U.S. abstained in the voting because he said that the U.S. felt that the Secretary-General's budget estimates for 1976–77 provided adequately for the Disarmament Affairs Division. He further asserted that the requirements arising from new responsibilities given to the Division could and should be set by reallocating available resources.(57) In a vote in the Fifth Committee on the initiative of Mexico, an additional appropriation of $149,200 was approved for the biennium 1976–77, plus an additional staff assessment of $31,600.(58)

The resolution was adopted 115 to none, with 13 abstentions.(59) In addition to the U.S., those abstaining included eight NATO States and Japan, New Zealand, and Nicaragua.

Comment: This was again a cheap-shot by the U.S. which spends more than $149,200 each minute for its defense budget.

G. Sea-Bed Treaty

The Treaty on the Prohibition of the Emplacement of Nuclear and Other Weapons of Mass Destruction on the Sea-Bed and the Ocean Floor and in the Subsoil Thereof provides for the convening of a review conference five years after its entry into force or sometime after May 1977. Denmark and six additional States co-sponsored a resolution requesting the Secretary-General to render necessary assistance and provide services for a preparatory committee of parties to the Treaty. It also expressed the hope for the widest possible adherence to the Treaty.

The U.S. made no statement about this Review Conference.

The resolution was adopted 126 to none, with two abstentions (Cuba and France).(60)

6. VOTING RECORD OF 12 STATES

TABLE 1.—THE VOTING PATTERN OF 12 SELECTED STATES ON 25 DISARMAMENT RESOLUTIONS ADOPTED BY THE 30TH SESSION OF THE U.N. GENERAL ASSEMBLY, DECEMBER 1975

	China	U.S.S.R.	Romania	United States	United Kingdom	France	India	Canada	Japan	Mexico	Nigeria	Sweden	Y	N	Ab	(Number)
Nuclear Dis.:																
SALT II	nv	N	Y	N	Ab	Ab	Y	Y	Ab	Y	Y	Y	102	10	12	(3484C)
Five-Power	N	Y	Y	Ab	Ab	Ab	Y	Ab	Ab	Y	Y	Ab	94	2	34	(3478)
Suspension	N	Ab	Y	Ab	Ab	Ab	Y	Y	Y	Y	Y	Y	106	2	24	(3466)
PNE's	N	Ab	Y	Ab	Y	Ab	N	Y	Y	Y	Y	Y	97	5	24	(3484A)
N-Free Zones:																
Comp. Study	nv	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	126	0	2	(3472A)
Concept	Y	Ab	Y	N	N	N	Ab	Ab	Ab	Y	Y	Ab	82	10	36	(3472B)
Indian Ocean	Y	Ab	Y	Ab	Ab	Ab	Y	Ab	Y	Y	Y	Y	106	0	25	(3468)
South Pacific	Y	Ab	Y	Ab	Ab	Ab	Y	Y	Y	Y	Y	Y	110	0	20	(3477)
South Asia	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3476A)
South Asia	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3476B)
Mid-east	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	125	0	2	(3474)
Africa	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	131	0	0	(3471)
TT, I	Y	Ab	Y	Ab	Y	Ab	Y	Y	Y	Y	Y	Y	113	0	16	(3473)
TT, II	Y	Ab	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	115	0	12	(3467)
Convent. Dis.:																
Ind. Weapons	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3464)
Chemical	Yc@	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3465)
Mass Dest	nv	Y	Y	Ab	Ab	Ab	Y	Y	Y	Y	Y	Y	112	1	15	(3479)
Climate	Yc@	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3475)
Other Issues:																
World Conf	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3469)
Military Bud	N	Ab	Y	Ab	Ab	Ab	Y	Ab	Y	Y	Y	Y	108	2	21	(3463)
Econ. Conseq	Yc	Yc	Yc	Yc#	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3462)
Role U.N	a	N*	Y	Ab	Ab	Y	Y	Y	Y	Y	Y	Y	108	2	14	(3484B)
Dis. Decade	Yc@	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc		consensus		(3470)
Secretariat	nv	Y	Y	Ab	Ab	Ab	Y	Ab	Ab	Y	Y	Y	115	0	13	(3484D)
Sea-bed	nv	Y	Y	Y	Y	Ab	Y	Y	Y	Y	Y	Y	126	0	2	(3484E)
Yc—Consensus	8	8	8	8	8	8	8	8	8	8	8	8				
Y—Yes	7	7	17	5	7	5	15	12	13	17	17	15				
N—No	4	2	—	2	1	1	1	—	—	—	—	—				
Ab—Abstain	—	8	—	10	9	11	1	5	4	—	—	2				
nv—Not vote	4	—	—	—	—	—	—	—	—	—	—	—				
a—absent	2	—	—	—	—	—	—	—	—	—	—	—				

*The U.S.S.R. announced that it had intended to abstain.
@If put to a vote would not have participated.
#If put to a vote would have abstained.

7. SUMMARY AND CONCLUSIONS

1. The First Committee of the 30th session of the U.N. General Assembly discussed a record number of disarmament agenda items—19—and adopted a record number of disarmament resolutions—25. (Also a few items related to disarmament came to the plenary from other committees.)

2. However, no progress in disarmament was perceived during the session. Activity should not be mistaken for action—at least in the field of disarmament. Disarmament is at dead center and has been so for some years.

3. It is difficult and perhaps futile to pin the label of blame for this inaction on any one State or group of States. Yet if just the U.S. or the U.S.S.R., or both, were to begin in earnest the process of disarmament, it is likely that the whole disarmament picture and climate would change—and world security would increase.

4. The voting pattern of States on disarmament issues at the U.N. can be instructive in determining political trends. However, there can be no objective evaluation of votes, because there is no way to compare resolutions. Some are more important than others, whether procedural or substantive. Having given this caveat against any quantitative approach, one can attempt to perceive trends by considering first selected resolutions and then by using all resolutions adopted in one field.

5. A subjective selection would indicate that the following eight disarmament resolutions may have perhaps been the most important adopted during the 30th session: SALT II, suspension of nuclear tests, PNEs, concept of a nuclear-free zone, indiscriminate weapons, weapons of mass destruction, military expenditures, and economic and social consequences of the arms race. On these eight issues, the U.S. voted in favor of only one (and this was part of a consensus). The U.S.S.R. voted in favor of two. China also voted in favor of two. Such allies of the U.S. as Canada and Japan voted for five resolutions. Sweden voted for six. Such States as Mexico, Nigeria, and Romania voted for all eight.

6. If all 25 disarmament resolutions are considered, the U.S. voted for only 13, and stated that, had there been no agreement for consensus on three, it would have abstained on these three. Using the 13 figure, this is a percentage of 52. The Soviet Union voted in favor of 15, for a percentage of 60. China, also voted for 60 per cent. Two of the closest allies of the U.S., Japan and Canada, voted for 80 and 84 per cent respectively. Indeed, many States voted for all resolutions, such as Mexico, Nigeria, and Romania.

7. The allegation that the U.S. and the U.S.S.R. are atomic bedfellows is borne out by the fact that, on 19 resolutions, the U.S. and the U.S.S.R. voted identically—yes, abstention, or no. This is a 76 per cent identity. Compare this to a 52 per cent identity of the U.S. votes with that of all Member States on these disarmament issues. On compare it to

an identity of only 60 per cent with its Pacific ally, Japan.

8. How can the role of the U.S. be described, at least in the field of disarmament at the 30th session of the U.N.? It has hardly been a positive or forthcoming one. The U.S. has taken no initiative and made no new proposals in the disarmament field in the past decade. The U.S. has maintained a posture of stonewalling the non-nuclear States, of collusion with the Soviet Union on certain issues, of putting part-time negotiators in Geneva and New York, and of maintaining—understandably in the circumstances—and extremely low visibility.

9. This stance of the U.S. is not new; and it is not limited to disarmament. The U.S. during the 29th General Assembly in the autumn of 1974 had a record of voting for only 12 disarmament resolutions out of 21 or 57 per cent. This record was, at that time, also matched by the Soviet Union. Even China voted in favor of more disarmament resolutions in 1974, while such States as Mexico and Japan voted in favor of 21 and 20 resolutions respectively. Also the low level of U.S. voting performance may be universal in the U.N. system. The "U.N. Voting Box Score" on 20 Vital Issues before the 30th General Assembly prepared by Mr. Donald Keys of the World Association of World Federalists gave the U.S. a low score of 45 per cent in 1974. The 1975 rating is also low, an identical 45 per cent, whereas Albania is 40 per cent and Sweden is 98 per cent.

10. If the U.S. can put a prettier face on its disarmament posture at the U.N., let the White House, U.S. Arms Control Agency, the Pentagon, or the Permanent Mission of the U.S. to the U.N. try to do so.

8 NOTES AND U.N. DOCUMENTATION

1. A–C.1–PV.2073, p. 12. This is a provisional verbatim record of the 2073rd meeting of the First or Political Committee. 2. A–C.1–1069. 3. A–C.1–PV.2073, p. 12. 4. A–C.1–PV. 2108, pp. 71–72. 5. See Report of the First Committee, A–10438, for the text of the final resolution. The record of the vote in the plenary is in A–PV.2439. 6. A–C.1–PV.2073, pp. 13–15. 7. A–C.1–PV.2107, p. 21. 8. A–10447. A–PV.2437. 9. A–C.1–PV.2106, pp. 48–51. 10. A–10434. A–PV.2437. 11. A–C.1–PV.2073, pp. 15–16. 12. A–C.1–PV.2108, pp. 51–55. 13. A–10438. A–PV.2439. 14. A–10027–Add.1. This will be issued as Official Records of the General Assembly, Thirtieth Session, Supplement No. 27A(A–10027–Rev. 1–Add.1.) 15. A–C.1–PV.2073, p. 17. 16. A–10441. A–PV.2437. 17. A–C.1–PV.2073, p. 17. 18. A–C.1–PV.2098, pp. 27–32. 19. A–C.1–PV.2108, p. 23. 20. A–10441. A–PV.2437. 21. A–10436. A–PV.2437. 22. A–C.1–PV.2100, p. 47. 23. A–10445. A–PV.2437. 24. A–C.1–PV.2105, p. 61. 25. A–C.1–PV.2106, p. 18. 26. A–10443. A–PV.2437. 27. A–C.1–PV.2106, p. 82. 28. A–10440. A–PV.2437. 29. A–C.1–PV.2100, p. 57. 30. A–C.1–PV.2100, pp. 71–77. 31. A–10442.A–PV.2437. 32. A–10435. A–PV.2437. 33. A–10432. A–PV.2437. 34. A–C.1–PV.2073, p. 11. 35. A–10433. A–PV.2437. 36. A–C.1–PV.2107, pp. 43–45. 37. A–10448. A–PV.2437. 38. A–C.1–PV.2073, pp. 3–6. 39. A–10444. A–PV.2437. 40. A–10437. A–PV.2437. 41. Resolution 3093 (XXVIII). 42. A–9770. U.N. Publication Sales No. E.75.I.10. 43. A–C.1–PV.2073, pp. 7–10. 44. A–C.1–PV.2107, pp. 61–62. 45. A–10431. A–PV.2437. 46. A–C.1–PV.2100, pp. 67–70. 47. A–10430. A–PV.2437. 48. A–10484. 49. A–10001–Add. 1. 50. A–C.1–PV.2108, p. 66. 51. A–10438. A–PV.2439. 52. A–10488. 53. A–10294 and A–10294 Add. 1. 54. A–C.1–PV.2107, pp. 13–15. 55. A–10439. A–PV.2437. 58. A–C.1–PV.2108. 57. A–10488. 58. A–10438. A–PV.2439. 59. A–10438. A–PV.2439.

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D35. *Disarmament and Hunger: Life and Death for Planet Earth*, U.S. Inter-religious Committee on Peace. January 1975. 7 pp. 35¢

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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

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House of Representatives

MCPL EDUCATION FUND SPEAKER SERIES—TALK OF DR. MARSHALL SHULMAN ON "UNITED STATES-SOVIET RELATIONS: A REPORT ON THE 25TH PARTY CONGRESS, COMMUNIST PARTY OF THE SOVIET UNION"

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD a summary of the introductory remarks of a discussion meeting on March 10, 1976, when Dr. Marshall Shulman discussed with Members of the Congress and their staffs the subject of "United States-Soviet Relations: A Report on the 25th Party Congress, Communist Party of the Soviet Union."

Dr. Shulman is a well-known Soviet expert and director of the Russian Institute at Columbia University. He has been a very active scholar in the area of international affairs.

Dr. Shulman's talk on United States-Soviet relations comes at a time when détente has become controversial. His summary of the Soviet leaders' remarks at the 25th Party Congress of the CPSU is useful in trying to assess their intentions and possible future policy directions.

Dr. Shulman's talk is one of a series of MCPL Education Fund sponsored talks dealing with "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy." In response to requests from Members of Congress and the public who desire to study these remarks at length, I am putting this in the RECORD, as I will do with future summaries of other such talks after the speakers have completed reviewing them for accuracy. The text of Dr. Shulman's remarks follow:

U.S.-SOVIET RELATIONS: A REPORT ON THE 25TH PARTY CONGRESS

In the Soviet Union, a Party Congress is a big event, and through recent Soviet history, the successive party congresses are "pylons" between which policy is suspended. The main even in this Congress was Soviet party leader Brezhnev's speech, a marathon five hour affair.

The speech was written by a group of 35 to 40 people, who were sent off to a villa—they called it "being imprisoned"—to write it. Some paragraphs were terribly fought over: As in a presidential speech, it can become a form of administrative legislation. In the speech-writing process, all kinds of internal negotiations up and down the economic, foreign policy, and party apparatus must be resolved. You can read into this speech the "chisel marks" of the contending points-of-view within the government.

On the foreign policy side, this was a very carefully crafted speech and one which showed a sensitivity to the internal debate in the United States. It was clearly intended to be an upbeat speech. Detente remains the policy in the Soviet Union, just as the word is going out of use in the United States.

However, there are indications of a "hard-line" criticism of Brezhnev's policy. There are people saying: "Look, we haven't got the trade benefits you promised, we've been crowded out of the Mid East, you lost Portugal, you didn't take advantage of the recession in the West, and the United States is pulling ahead in the arms race." "Not only are there no benefits in this policy, but it may make the Party lose control." How can the Soviet people be mobilized when their leader goes on television toasting the leader of the imperialist camp with champagne? Their people argue that all the benefits of detente are on the U.S. side. Also, the central strategic balance looks different on the Soviet side.

Even so, Brezhnev's announcement was that the program of the 24th Party Congress, the so-called "Peace Program," was continuing.

There were some specifics in arms control. He argued in favor of the SALT treaty, and, looking beyond the Vladivostok agreement, he indicated that they had an interest in limiting new weapons. He said that they had sought limits on our B-1 and TRIDENT programs, but that we had not responded.

Also, Brezhnev made a proposal for a treaty on the recipricol nonuse of force. This looks as if it may be the subject of a large campaign in the U.N. and elsewhere.

Brezhnev talked about the MBFR negotiations in Europe. He said the new proposals that the Soviets will introduce may go part way towards meeting NATO positions. He indicated that while they still want a comprehensive agreement, that they may be willing to take the matter in two bites, with withdrawals of U.S. and Soviet troops first, and more comprehensive agreements later. They also expressed an interest in trading a withdrawal of a Russian Tank Army in exchange for an American withdrawal of tactical nuclear weapons. But the Soviet negotiating position is still predicated on maintaining the present balance—that is, symmetrical reductions. The NATO position is for equality of forces—that is asymmetric reductions.

Brezhnev also threw out what may be a signal on the Indian Ocean. He indicated knowledge of the Culver Resolution and an interest in exploring the issue. But he didn't go very far: He said they have no intention of putting any bases in the Indian Ocean and are ready to sign an agreement to that effect. We don't know quite what they mean. My guess, after talking to Soviet Ambassador Dobrynin, is that it is meant as a signal.

Then Brezhnev addressed himself to the subject tof the Soviet military build-up. He said that there wasn't one, but they haven't increased their defense budget, that they weren't going to attack anyone, but there were no specifics.

On the economic front, he broke with precedent. Dobrynin had explicit instructions not to raise the subject of further negotiations on the subject of the Trade Reform Act of 1974. Brezhnev went ahead and said that they would like to see a change in the American policy on the basis of non-discrimination, i.e., Most Favored Nation Status. He made no bones about their strong interest in trade.

Behind all these foreign policy discussions there was an extensive discussion of the Soviet economy. In the 10th Five Year Plan, it has become evident that there are serious structural problems in the Soviet economy. They have the problem of raising productivity, the are clearly problems in agriculture, and there are chronic organizational problems. These are structural problems. Every time they've set out to make reforms, they've run into resistance by the party and the economic planning bureaucracy. The resistance by the party centers on the issue of decentralization. This is a very sensitive issue. They worry that any easing will endanger the leading role of the party.

To put their economy in order, they must have an influx of capital goods, food grains, technology, and management expertise from the West.

Brezhnev was very careful to reaffirm the primacy of class struggle, and to assert that it was not contradictory with detente. His position could be summed up: This is an era of radical change. There will be many occasions when there will be people fighting for independence, and we will line up with them. Angola was an instance of this. But we don't have any self-interest, we're not seeking any advantages, or bases.

He also referred to internal debates within the Communist movement. The leaders of the French and Italian Communist Parties spoke very bluntly about wanting to follow an independent path. They were sometimes quite explicit about the issue of human rights in the Soviet Union, and obliged Brezhnev to answer them.

His answer was, in effect, that if you think you can cut yourself off from the world movement, you're wrong. He was in favor of a "popular front from below," aligning with other groups on specific issues, to try to get mass support, but he was openly skeptical about a "popular front from above" a formal alliance with Socialist and Social Democratic parties. (The quoted phraseology is Dr. Shulman's not Brezhnev's.)

Some Brezhnev comments on capitalism: It is true in a general sense, that capitalism

is in a state of crisis, but we don't expect an imminent collapse. In the long run, though, it is a society without a future.

With regard to the Chinese, Brezhnev said that Russia would be willing to normalize relations on the basis of "peaceful co-existence." This is interesting, because "peaceful co-existence" is something that you have with the "other side." For years, the Chinese used to infuriate the Russians by proposing that their relations be normalized on the basis of peace co-existence." Now, the Russians have swung around to the same point-of-view. This indicates that their expectations are somewhat limited.

Essentially, the Russians are waiting out the present period in American politics. A lot of what has happened has alarmed them, and there is much that they don't really understand, but it is clear that they have decided not to respond, for the moment.

SELECTED QUESTION AND ANSWERS

(All questions and answers have been paraphrased and condensed.)

Q: What do you think the possibilities are for some kind of tradeoff between trade and Jewish emigration?

A: There's no chance at all of doing it the way we tried to do it, with all the publicity. The issue is very sensitive politically for Brezhnev, and if he were to agree in public to any sort of deal he would be in real trouble at home.

What is possible is some sort of quiet arrangement, whereby they might raise emigration to about 2000 people per month, up from the 1000–1200 currently, and the Congress could give the President, in effect, the authority to grant MFN on a period-by-period basis, subject to oversight.

They need both MFN and Exim Bank credits, but for different reasons. The Soviets are in a bind for foreign exchange, so they need the credits. MFN is more psychological, although it does have some practical value. They want to develop a long-term capacity to export manufactured goods, and they need MFN for that.

Q: If Kissinger is to be believed, they indicated a willingness to go as far as 5000 people per month.

A: That is a popular misunderstanding. That number originated with Senator Jackson. The Russians never committed themselves to any figure at all, in part because they don't know themselves what the emigration figure would be. They think they're looking at a curve which looks something like this: From emigration impossible to no barriers to emigration.

Their calculation is that the number of people applying is sensitive to the kind of treatment they receive. They think that under optimum conditions, perhaps as many as 500,000 people might want to leave, but it is difficult to know what the number would be.

In some of the individual cases of harsh treatment they are clearly interested in the deterrent effect, to discourage others from attempting to leave. They did agree to ease up on the harsh treatment of applicants, and to ease up on their interpretation of the national security clause. Now, of course, they are being very restrictive. I should add that people administering this thing are tough cookies and have a lot of autonomy.

Q: Is Brezhnev skeptical about the "historic compromise" in Italy and France?

A: Yes. They're more worried about losing their hold on these parties than we are about losing our allies.

Q: Would you elaborate on the argument that a "hard-liner" would make about the failure of detente?

A: Sure. The Soviet Union has been elbowed out of the Middle East; in Portugal an opportunity was lost; the anticipated economic benefits of detente have not materialised. Also, this has been a period of recession, monetary crisis, and disarray in the West, but instead of taking advantage of it, you've made speeches about our involvement in the world economy, and moved away from our traditional position of autarky.

There are also nationalist overtones. In addition to the various other nationalisms in the Soviet Union, Great Russian nationalism is hostile to deals with Western countries. There are charges that Brezhnev is selling off the national patrimony to the capitalists. There are memories of the British and French before World War I as well as traditional xenophobic attitudes.

Also, there is the question of internal security, the fear that having people involved in all these cultural exchanges will weaken the muscle tone of the state. There are people who feel the gut issue is the central position of the party.

Also, the Russians are looking at, not a potential future threat, but a realized position of American technological superiority. This looms larger than things like throw-weight. And the hard-liners argue that the American technological lead is widening.

Q: Could you comment on the role of the military in the Soviet power structure?

A: The military ethos is very strong in the party and government. A lot of top military people have served in the military and they are the heroes of World War II.

Also, the first rule for any Soviet leader is never to get both the military and the KGB lined up against him, because they are the people who have the power to remove him. He is also careful with the Ground Forces and the Rocket Forces. The Navy has been complaining that they haven't been getting enough money and that they don't have enough of a role in the strategic forces.

In the SALT talks the military appear to have a veto. This is one reason SALT hasn't gone too far. On the other hand, we have a similar situation here. Imagine trying to get a SALT agreement if you knew that the Joint Chiefs would testify against it.

In the SALT negotiating process (Soviet proposals generally originate in an office of the General Staff.

Q: If American trade and technology are so important to the Russians, wasn't their intervention in Angola a high-risk policy?

A: They didn't see it as such. The Russians have been in Angola at a low level since 1961. Their aid began to go up a little in late 1974, and then a big jump in March 1975. I don't know whether or not this was a reaction to our January 1975 move, but when they were making the decision, they didn't see it as a confrontation issue, and they didn't think it would cost them very much, until it suddenly blew up in their faces, without any advance warning. They probably had three major reasons for their policy:

In the face of hard-liner attacks, this was a chance to show some machismo. They were showing muscle, showing that they weren't lying down and playing dead.

The Chinese were involved in training troops for Holden Roberto. When the South Africans came in on the side of UNITA, the Russians were able to plaster the Chinese all over Africa for being on the same side as the South Africans.

Beyond Angola, there lies the larger issue of Rhodesia and South Africa. The Russians are in a position of siding with the Africans against the U.S., which is faced with a terrible dilemma vis-a-vis South Africa. This is a very good situation from their point-of-view.

Q: Now that Brezhnev has used the term "peaceful co-existence" in describing the Chinese, does that indicate a substantial change in policy?

A: Possibly. The Russians have been trying to wait out Mao, hoping that when he passed from the scene there would be a coalition with which they could have at least a modus vivendi. In the meantime, they tried to dampen down the level of Sino-Soviet rhetoric.

Since the U.S. has withdrawn from Vietnam last year, there has been an intensification of the diplomatic struggle in both Asia and Africa, which has been reflected in a higher decibel rating in the polemics.

In the background, there is the frontier issue, which has been going on since 1969. It is on the back burner now, but the Soviets still have a huge army on the border.

Also, there is a general feeling in Russia that when China gets a nuclear delivery capability, that this will be a very scary situation. This feeling is very emotional and goes across the board; no matter whom you talk to, the questionis not if there will be war with China, but when.

Another function of Angola was to demonstrate to the Chinese that the U.S. was a weak reed to lean on. The Chinese have been cheerleading the U.S. and NATO. The Russians can now say: You see, this is what happens when you depend on the United States.

Q: It is difficult to believe that the French Communist Party is really out of control, given the history of the Party.

A: It is reasonable to be suspicious, because this has happened very suddenly. The French have been the most loyal servants of Moscow. However, in their negotiations with other French parties, they found out that the Moscow connection was an albatross around their necks. Also, the rise and fall of Cunhal in Portugal scared them, and precipitated a debate about what they should be doing.

Also, there has been a substantial flow of Russian emigres through Paris, and there is a small Russian community there. Soviet violations of human rights have received a lot of play in the French press, and had a major impact. So, all three factors moved them.

They started out very delicately, but the situation got out of hand and they ended up criticizing Soviet violations of human rights. If this were a mere tactic, they never would have criticized the Russians in such fashion.

Q: If it is in the U.S. national interest to minimize the role of the hard-liners, does it make sense to fashion a policy of detente? Any concessions we offer will be taken as a sign of weakness, and a firm position will simply exacerbate relations. By the same token, the hard-liners would simply capitalize on our failure to respond to Soviet initiatives. What can we do?

A: Politics will go on in the Soviet system for a long time. The most critical question in U.S. foreign policy is not the Soviet Union. We live in a word which has very strong disintegrative tendencies, moving in the direction of anarchy and violence. In dealing with these problems, it will be infinitely more difficult if the Soviet Union and the United States are locked in a high-tension relationship.

It makes sense, if possible, to:

Attempt to stabilize the military competition.

To the extent that future Soviet leaders see their self-interest in normalizing relations with the United States, to hold open that option.

Beyond that, I am really not sure we can influence the future course of Soviet internal politics. There are so many chance elements and decisive factors that we cannot affect.

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MCPL EDUCATION FUND SPEAKER SERIES—TALK OF DR. RICHARD GARWIN ON "THE IMPACT OF NEW TECHNOLOGIES ON U.S. DEFENSE AND ARMS CONTROL POLICY"

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD a summary of the remarks of Dr. Richard Garwin which he presented at a meeting with Members of Congress and their staffs on March 17, 1976. His topic was "The Impact of New Technologies on U.S. Defense and Arms Control Policy."

Dr. Garwin is a scientist who has specialized in defense matters. He served 11 years on the President's Science Advisory Committee and on the Defense Science Board of the Department of Defense, as well as 25 years as a consultant to Government departments and agencies involved in national security questions. He is currently a defense scientist and fellow of the IBM Thomas J. Watson Research Center. He is known for his expertise in defense science matters to all who know the field.

His comments on the impact of new technologies are especially welcome since Congress is too often presented with a fait accompli in weapons development, with too few of us having an appreciation of the impact of such developments until the "genie is out of the bottle." This is especially true of the impact of new military technologies on arms control. It is easier to devise and develop new means of destruction than to establish controls through negotiations. And so the arms race continues to outpace the efforts to control it.

Dr. Garwin spoke on the impact of some new military technologies, and some new applications of old technologies on the structure of the U.S. Armed Forces. He observed that the correct method for formulating defense policy was to define the specific task to be accomplished, and then ascertain the best way to accomplish it. By contrast, he noted that the current Pentagon approach derives from the demands of military operators who tend to want improved versions of existing systems and to resist innovation which would require organizational changes. As a result, he said, the goals to be achieved are structured to fit the system being developed, so that it is even more difficult to propose some alternative system.

While Dr. Garwin's talk contained many striking facts and insights, to me the most striking of all was his comment in response to a question as to the potential effect on the defense budget of adopting all of the innovations which he had described. His response was that their adoption could enable a 40- to 50-percent increase in the military effectiveness of the Armed Forces for the same amount of defense spending or a continuation of the current level of effectiveness at a 40- to 50-percent reduction in defense spending. In other words, translating Dr. Garwin's conclusions in terms of the level of spending in the proposed fiscal year 1977 budget, the technological changes he recommends could make possible a reduction of a staggering $40 to 50 billion a year in defense spending. Obviously, even the possibility of savings approaching that order of magnitude deserves the most serious study by the Congress and the next administration.

Dr. Garwin's talk is one of a series of talks sponsored by the MCPL Education Fund dealing with "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy." In response to request by Members of Congress and the public, I am entering Dr. Garwin's remarks into the RECORD. The text of his remarks on specific military technologies, including remarks on the B–1 bomber, NAVSTAR satellite systems, Trident, Captor mines, cruise missiles, Minuteman defense, and other military technologies, follows:

DR. GARWIN'S REMARKS

THE B–1

Brookings has just published a book (*Modernizing the Strategic Bomber Force*, A. H. Quanbeck and A. L. Wood) which says that we don't need the B1, that there are better ways of doing the same thing that the B–1 does. The job of the B–1 is fairly simple; it has to fly to the Soviet Union and drop some nuclear bombs. There are some auxiliary constraints; among them that it has to be recallable, and it has to be based on an airfield.

However, a Cruise Missile Carrier (CMC) aircraft is a better way of doing this job. It would launch a cruise missile (not the Air Force's Air-Launched Cruise Missile (ALCM) but a longer-range cruise missile, based on the Navy sub-launched cruise missile) and would be a slight modification of a wide-body jet such as the Boeing 747, be equipped with quick-start engines. It would carry 50–100 long-range cruise missiles which would be launched several hundred miles beyond Soviet air defenses. These missiles would penetrate at comparable speeds and lower altitude than bombers, and in much greater numbers. Instead of having to defend against 200 bombers, the Soviet Union would have to defend against 200 x 50–100—10,000-20,000 cruise missiles. In fact, we don't have to build 200. Since our present retaliatory forces are so capable we can go up to the 200 level quite slowly, and a smaller force would in fact suffice.

A cruise missile carrier is superior to a B–1 in survivability and penetration capability, and also in cost, because it is not necessary to practice flying the airplanes in the low-altitude penetration mode which requires a lot of fuel and very demanding training, as well as stressing the airframes of the bombers. Also, during the vast majority of the time that ICBMs and SLBMs seem invulnerable, the CMC aircraft can serve as tankers or military cargo craft.

TRIDENT

I have always been in favor of the Trident I missile (with a 4,000 mile range) and have always been opposed to the Trident II missile (with 6,000 mile range) and the Trident submarine. The only credible argument in favor of the Trident submarine is that existing Poseidon submarines will get old, but reducing the routine diving depth slightly will result in a great extension of fatigue life of the submarine hull. The Navy has still not presented quantitative data on operational life vs. maintenance cost for Poseidon nor quantified the trade-off between fatigue life and diving depth, although observers have noted these lacks in defense testimony for at least three years.

The trident program is alleged to have originated in a phone call from President Nixon to the Deputy Secretary of Defense, asking him to initiate a strategic program that could absorb a lot of money fast. More recently, Secretary of Defense Schlesinger apparently favored a smaller strategic submarine, the Narwhal, but could not muster the power within the Defense Department to terminate the Trident submarine and Trident II missile program in order to divert Navy support to the Narwhal.

NAVSTAR (ALSO CALLED THE GLOBAL POSITIONING SYSTEM AND THE DEFENSE NAVIGATION SATELLITE)

This is a satellite-based navigational system that will be tested in prototype this fall and should be in full operation by 1984, which could be accelerated to 1982. It will permit an airplane, ship, or vehicle to locate itself in all three dimensions, with an accuracy of about twenty feet, within one-tenth of a second. Current equipment is accurate to about a hundred feet, but requires several hours.

When we have this, the cost of inertial navigation systems will be reduced by a factor of four to five, and the cost of both navigation and accurate bombing will be reduced dramatically. It can be used to guide bombs all the way to their targets. It will replace a lot of current equipment on ships and aircraft, and its application could replace many things that are not usually regarded of as navigation systems, such as collision avoidance and harbor control radars.

Several years ago, a flag officer couldn't be persuaded to contribute $50 million for NAVSTAR because his shipbuilding budget was already short by $500 million. He missed the point that the $50 million would greatly increase the capacity of the ships he had, while it would not go even part way towards paying for a new destroyer.

CAPTOR

CAPTOR is an unusual mine, an ordinary Mk. 46 12" diameter anti-submarine torpedo mounted in a 21" diameter casing so that it can be shot from a submarine torpedo tube, or scattered from aircraft or surface ships. It can be emplaced in the deep ocean, look out for about one mile, and torpedo submarines that come within that radius. If you think that a war at sea is possible and you are worried about Soviet attack submarines, you could build a barrier across the Greenland-Iceland-United Kingdom gap for about $100 million (at $100,000 per mine) and replace $5 billion worth of U.S. attack submarines.

The Navy twisted and turned, trying not to buy CAPTOR, in part apparently because they didn't want their nuclear submarines to appear vulnerable, but the decision has apparently been made, as of December, 1975, to approve CAPTOR for fleet introduction.

CAPTOR is no threat to surface ships, but because it will not launch at them, and because the torpedo will not detonate at the keel depth of a surface ship. You protect your own submarines by being very careful about remembering where we lay these mines. CAPTOR is also very difficult to spoof or jam.

CRUISE MISSILES

The Navy has done a first rate job in demonstrating the technology with its Sea Launched Cruise Missile (SLCM) which can probably achieve an accuracy of 100–200 feet, unconstrained by the location of its launching platform.

Cruise missiles are not really first-strike capable, because of their long flight time, which gives lots of warning. They couldn't be destabilizing unless launched in large numbers, and in such numbers they would be detected. Also, it is easy to defend one of many missile silos against a cruise missile. Since destroying a hardened silo requires a miss distance of 1,000 feet or less, some sort of hardened automatic gun or homing missile located at the silo could detect the cruise missile approaching and destroy it. This system could not be used to defend a city, though.

I do not believe that one can expect the arguments of the Air Force with respect to the B-1 versus a cruise missile. The Air Force had a program for a subsonic Cruise Armed Decoy (SCAD) which they tried to build with both a decoy electronics package and a warhead, though there was no reason to put both on the same airframe. Since the decoy had to fly both slow and fast, carry a warhead, and look like a B-52, it didn't have very much range. Indeed, although Secretary of Defense Laird had specifically promised the Congress that the warhead version would remain in the program, the Air Force did not even mention it in a later selected acquisition report (SAR). When Malcolm Currie came in as Director of Defense Research and Engineering, the SCAD program was cancelled. When the Defense Department hierarchy became interested in cruise missiles, the Air Force proposed the Air-Launched Cruise Missile (ALCM) which was a fairly short range airframe without the decoy electronics package, short-range because it was to be interchangeable with the SRAM. It can be surmised that the Air Force cancelled the armed version of SCAD because it was too good an argument against the B-1. What should be done is to substitute the longer-range Navy SLCM for the ALCM in the strategic role of an air-launched cruise missile for the Cruise Missile Carrier aircraft.

Tactical Air Forces, including Navy carrier air and the Air Force tactical fighter force, should be replaced by a non-nuclear cruise missile, yet to be developed, with a range of less than 600 nautical miles. If these missiles were designed for launch from their packing containers, and to navigate by NAVSTAR or possibly by terrain matching, they could cost about $30–40,000 and could carry about 1,000 lbs. of high explosive. This would be far cheaper than having a conventional tactical air force. This has only become possible in the last five years, because of advances in technology, specifically micro-electronics and the demonstration of low-cost turbojets.

Much of the Air Force, however, regards cruise missiles as small tactical aircraft which go out, drop bombs and return to be reused. This drives up the price, and is a also poor concept because such a missile must have the longevity to fly many missions, and because high attrition rates would wipe out a cruise missile force fairly quickly.

A lot of airplanes in the tactical air force are doing things other than air-to-ground bombing. There are a lot of fighters, a lot of defense suppression aircraft, all of which are needed to hold losses to acceptable levels, but which are subject to loss themselves. When we were bombing North Vietnam, typically only four aircraft out of a flight of eighteen were carrying bombs. Replacing aircraft with cruise missiles is a hard nut for TAC to accept, but it would be the wisest policy.

The arms control implications of cruise missiles are a little more difficult. This is a problem not only for the United States and the Soviet Union, but for the whole world. There are a lot of countries with the capacity to build cruise missiles. You don't really have the choice, as you do with ballistic missiles, of setting a standard to limit U.S. and Soviet forces and then dissuading the rest of the world from getting such expensive weapons. If you were to have a U.S.-Soviet non-nuclear cruise missile ban, you would have the U.S. and the Soviet Union the only two countries without them.

My proposal would be to ban all ship-based and submarine launched strategic cruise missiles, and also intercontinental range cruise missiles. For the rest, multiple-launcher cruise-missile-carrier aircraft would be counted as MIRVs within the Vladivostok limits. If the Soviet Union were to decide to deploy cruise missiles, they would then have to lessen the number of MIRVs they can deploy, which is desirable.

Verification: Cruise missiles with ranges in excess of the agreement would have to be tested, both in development and operationally. The U.S. and the Soviet Union could agree to test cruise missiles only on agreed coastal ranges, to limit tactical cruise missiles only to bases that have no nuclear handling facilities, and to telemeter key performance parameters to the ground during flight test of cruise missiles so that they could be monitored from ships observing coastal test ranges. If the Russians did not keep to such an agreement, building the thousands of new warheads required—less than thousands would be of no importance—would put a significant drain on their stocks of fissible material which should be detectable.

MINUTEMAN DEFENSE

Here our military leaders have done us a great disservice. Back in 1969 we heard about a MIRVed version of the Soviet SS-9 ICBM, which could deliver three warheads with good accuracy, and this was supposed to threaten our MINUTEMAN missiles. As it turned out, the Soviets never MIRVed the SS-9, and it was never a threat to MINUTEMAN. However, at the time, the Defense Department had studies showing that the HAWK anti-aircraft missile could protect the MINUTEMAN fields against those very SS-9 warheads which were presented as the mid-1970s threat, but not against high beta (that is, the potentially high accuracy) reentry vehicles. This study was not followed up because the Army was pushing a bigger system, and they wanted to be able to defend against future threats.

In 1974, Secretary Schlesinger asserted that the Russians might eventually be able to wipe out the MINUTEMAN force while killing less than a million Americans. But, it is not that easy to destroy MINUTEMAN. They are in hardened silos, and you have to explode a nuclear weapon at ground level less than 1,000 feet away to destroy a silo.

A warhead with that kind of accuracy must be slender in order to maintain high-speed down to ground level and thus be less subject to wind errors. One simple method of defense would be to put an east-west trench perhaps about 2,000 feet north of the silo, and fill it partially with high explosive and the rest of the way with steel pellets. About a mile north of the silo, one can put a short range radar that looks straight up. When it sees this long and narrow re-entry vehicle pass overhead (it sees it side-on, and thus with large radar reflection) the explosives will be detonated, creating a cloud of gravel. Collision of the high-velocity reentry vehicle with these pellets should explode or destroy the warhead safely far from the silo. Multiple trenches can provide protection against multiple shots.

Another possibility is to erect a sort of steel picket fence for some distance around the silo. An array of vertical steel pilings a few feet high could dud many of the attacking re-entry vehicles just before they strike the ground, as a consequence of the high-velocity impact of some part of the re-entry vehicle other than the nose.

These are very specialized approaches. They would not work for defending a city, only a hardened point target. The Defense Department has not been very interested in them, partly because there is as yet no serious threat to the MINUTEMAN silos, and also because it would not work against all future threats, such as the vertically re-entering MARV. What we should do is to defend against the presently feasible threat, rather than some hypothetical future threat. If the MINUTEMAN fields are threatened, to the extent that we consider spending vast sums of money on Air-Launch MINUTEMAN or more ballistic missile submarines, they should be defended now. Because of "fratricide" and other effects, they are not in fact significantly vulnerable now.

A program to deploy right now some of these MINUTEMAN—only defenses such as the pellet-laden trenches could serve an important purpose both in dissuading the Soviet Union from building vast numbers of accurate warheads with which to strike MINUTEMAN and also from using such warheads when they do come into existence. If done quickly and inexpensively (not gold plated) such a defensive program entirely unilaterally could serve an im-

portant function in controlling the development and deployment of Soviet stratgic arms.

SELECTED QUESTIONS AND ANSWERS

All questions and answers are compressed and paraphrased.

Q. The Navy reports that its strategic SLCSM will have a cost of $792,000 and the tactical SLCM $726,000 in FY 1975 dollars. You claim that a tactical cruise missile can be built for $30–40,000. How?

A. The mass-production cruise missile shouldn't be derivative of the SLCM. A strategic missile carries a nuclear warhead which costs a good fraction of a million dollars. The target to be destroyed may be worth billions of dollars. Therefore, it is not unreasonable to spend almost a million dollars on a strategic SLCM, straining technology to obtain low drag, high specific fuel consumption from the engine, high energy propellants and the like. And the requirement for submarine launch runs up the price as well. A tactical missile is different. If you produce tens of thousands, the price goes down. It is a much simpler technical problem to design an airframe and engine to run for an hour, than it is to design one to run for days and weeks, thousands of hours. If you are not going to reuse it, you can make extensive use of plastics and other cheap materials.

Q. The Brookings study on strategic bombers suggested that using a cruise missile carrier aircraft would save $10–15 billion. Is this an accurate estimate?

A. The magnitude of the difference of the costs is more accurate than their estimate of the costs of the two forces. The assumptions of the Brookings study were very conservative, and didn't even take into account the fact that the low-level training of the B–1 and B–52 make it far more expensive than the CMC. Savings would in fact be greater.

Q. Will the improvement of SAM systems, and precision munitions make the penetrating bomber more vulnerable in the future than in the present?

A. Yes. Bomber survivability is crucially dependent on its engine start and response time to surviving an SLBM attack, and the CMC fast engine start kit and rocket assist would promote survivability at least as good as the B–1. The survivability of a penetrating bomber, as attested by the Defense Department, is crucially dependent on Electronic Countermeasures (ECM). It would be unfortunate if we were caught on the down side of an ECM cycle. But the most critical thing about a bomber is that we have at most a couple of hundred of targets penetrating Soviet defense, whereas, with cruise missiles, we could have thousands, and that would be less vulnerable to enemy countermeasures. A bomber shot down in the first few hundred miles of penetration would cost our offensive force the dozens of nuclear warheads carried as ALCMs, SRAMS, and bombs. The same air defense destroying an isolated cruise missile costs our strategic offensive force only a single nuclear warhead. And the cruise missile is far more difficult to detect because of its small size and low engine infrared output than is a big bomber. It has also a smaller vulnerable area to shrapnel and the like.

Q. Would the changes you propose lead to equal cost forces with more capability, or to lower cost forces with the same capability?

A. You could make the trade-off either way. You could get the same effectiveness at half the cost. Half of our airplanes in the Vietnam conflict were busy training pilots, anyway. A cruise-missile-based armed force would be more robust, and less likely to be dependent on what our enemies do or do not do.

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House of Representatives

WHY NOT A REAL NUCLEAR TEST BAN?

Mr. SEIBERLING. Mr. Speaker, I offer for the RECORD an article by Thomas A. Halsted, "Why Not a Real Nuclear Test Ban?" from the June issue of Arms Control Today, a newsletter published by the Arms Control Association. Mr. Halsted is executive director of the association.

Mr. Halsted's article closely parallels a talk he gave to Members of Congress and their staffs at one of the series on new directions in foreign policy, defense policy, and arms control policy, sponsored by the MCPL Education Fund on March 24, 1976.

Mr. Halsted makes a point that needs underscoring, namely, that a comprehensive test ban agreement is feasible and is more desirable than a threshold test ban treaty of the type recently negotiated by the United States and the Soviet Union. Mr. Halsted's article follows these remarks:

WHY NOT A REAL NUCLEAR TEST BAN?

(By Thomas A. Halsted)

On May 28, 1976, in separate ceremonies in Washington and Moscow, President Ford and Soviet General Secretary Brezhnev signed a Treaty on Underground Explosions for Peaceful Purposes (the "PNE" Treaty). It was negotiated as a companion agreement to a Treaty on the Limitation of Underground Nuclear Weapon Tests (the Threshold Test Ban or the "TTB" Treaty). Both Treaties are to be submitted to the Senate for ratification.

The Arms Control Association believes that both new Treaties represent a step backward from responsibility. Now is not the time for agreements which will tend to legitimize nuclear weapon testing at high yields and endow nuclear explosions for peaceful purposes with unwarranted new respectability. What is needed now is an end to all nuclear testing. Accordingly, the ACA has called on President Ford to reopen negotiations toward a comprehensive test ban treaty (CTB).

Why can't we quit testing nuclear weapons? In thirty-one years the United States and Soviet Union alone have conducted more than 1,000 nuclear tests between them, yet by agreeing to these two Treaties they are declaring that there is a need for still more. Meanwhile a growing number of critics in the United States and abroad are complaining that agreements like the TTB and PNE Treaties, in the guise of setting new controls are really only devices for setting new rules to continue doing as they please. As the ACA statement points out, the limits imposed by the Treaties are hardly limits at all. (There is even an escape clause in the PNE Treaty—Article III, Paragraph 3, allowing for tests larger than the 150 kiloton ceiling: "The question of carrying out an individual explosion having a yield exceeding [150 kilotons] . . . will be considered by the Parties at an appropriate time to be agreed.") Is it any wonder that some critics of the Treaties call them worse than nothing?

The reasons that the Threshold Test Ban and Peaceful Nuclear Explosion Treaties are inadequate are spelled out in the ACA statement (see page 4). The case for the harder, but only acceptable course—a complete test ban—is not a complicated one.

Simply put, a CTB would be a clear and unambiguous signal that the nuclear weapons states were at last willing to take a major step away from the nuclear brink. Since the nuclear weapons age began, only one of the arms control agrements between the nuclear superpowers—the 1972 ABM Treaty—has resulted in stopping a nuclear weapons development. After nearly twenty years of negotiations, the failure to achieve a comprehensive nuclear test ban treaty has become a symbol of superpower unwillingness to end a wasteful and destructive arms race which has produced more and more lethal weaponry, but has only diminished world security. Agreeing to a CTB would be a positive sign that the United States and the Soveit Union were at last moving away from dependence on nuclear weapons and from the beliefs that the possession of nuclear weapons is the hallmark of a great power, and that nuclear wars are thinkable, fightable, and even winnable.

Three of the six countries that have conducted nuclear tests are parties to the Treaty on the Non-Proliferation of Nuclear Weapons (the NPT). Year after year since that Treaty went into effect, and particularly at the 1975 NPT Review Conference, the non-nuclear weapons states party to the Treaty have warned the nuclear weapons states that they cannot go on forever building up nuclear arsenals, threatening to use nuclear weapons, and most of all, continuing to test nuclear weapons while still expecting other nations to agree to forego nuclear weapons of their own. A CTB would undeniably be a symbolic gesture towards these critics. By itself it would not end the arms race, but it would be a symbol badly needed if mankind is to avoid almost certain destruction at his own hand.

WHAT ARE THE OBSTACLES TO A CTB?

The Threshold Test Ban, like the Limited Test Ban and the Non-Proliferation Treaty, gives lip service to a commitment to end all nuclear weapons testing, but neither the United States nor the U.S.S.R. has adopted a public position which would make achievement of a CTB realistic. The United States contends that it would be possible for the U.S.S.R. to conduct militarily significant tests in secret unless the CTB included a provision for on-site inspection to resolve any ambiguities. The U.S.S.R. asserts that such inspections are unnecessary, but insists on the right to conduct PNEs, and further declares that all nuclear weapons states must be party to a comprehensive test—a condition to which China and France, neither of them a party to the 1963 Limited Test Ban or the Non-Proliferation Treaty, are unlikely to agree.

Both sides' arguments are a smokescreen for a more basic objection to a CTB: neither the U.S. nor the U.S.S.R. wants to give up the option to conduct nuclear weapons tests. As far as the capability of identifying small nuclear tests is concerned, it is highly improbable that the Soviet Union could confidently conduct clandestine, *militarily important* nuclear tests without detection by a combination of seismic and other intelligence means—chiefly photographic satellites. On-site inspection is no longer necessary. Furthermore, a test ban observed by only the United States and Soviet Union, without the participation of other nuclear weapons states, would not affect the security interests of either superpower for many years, regardless of the amount of testing France or China conducted. The utility of PNEs is so dubious that further efforts should be made to persuade the U.S.S.R. to shelve its PNE program, as the United States already has. In no event should the unlikely prospect that they might some day prove to be useful be allowed to stand in the way of a ban on all nuclear tests.

A recent Energy Research and Development Administration (ERDA) report * provides for the first time some public details of the accomplishments of thirty years of U.S. nuclear testing: 74 different types of weapons have been tested, 50 of them accepted in the stockpile at one time or another, 26 of them currently in the stockpile in 33 different weapons systems. It can be assumed that Soviet weapons development is at a comparable level of diversity. There is hardly any theoretically possible development that has not been explored by now, at least by the

* Energy Research and Development Administration, *Funding and Management Alternatives for ERDA Military Applications and Restricted Data Functions (Wash., D.C.: ERDA Publication No. 97, 1976).*

two superpowers, and scant reason to expect such developments in the future. To be sure, weapons designers can always come up with new concepts to explore; under a CTB, they would have to make do with existing designs. Under the 150 kiloton TTB, in fact, the ERDA report acknowledges that such adaptation would be necessary for any higher yield weapons that might be required.

DOMESTIC PRESSURES FOR TESTING

Large and well established bureaucracies exist in the United States and the Soviet Union which have an unavoidable vested interest in the continuation of nuclear weapons programs, including testing. According to the ERDA report, last year the "weapons complex"—the U.S. weapons laboratories, the Nevada Test Site, and the seven government-owned plants which produce nuclear weapons "employed more than 40,000 people, had an operating budget of more than a billion dollars, and represented an investment of more than $2.6 billion." In the event of a comprehensive nuclear test ban, many of these individuals, a large number of whom may have devoted their entire lives to nuclear weapons, would need to acquire new skills and seek work elsewhere. They and their supporters in the Executive branch and Congress could be expected to strongly oppose a CTB. In a recent speech, Lt. Gen. Edward B. Giller, Director of Weapons Development for ERDA, expressed his concern about this possibility: "Above all we must not allow the nuclear weapons development and production complex to erode. In many respects this complex is unique and some of the assets are unreplaceable. The weapons laboratories represent a combination of trained manpower and physical resources that is available nowhere else in the West."

A narrow view—one that has prevailed until now—suggests that ending nuclear testing, because it means foreclosing options to test in the future, is *ipso facto* a bad thing for the United States. But would CTB really hinder national security? There are scarcely any new developments "interesting" enough to justify further weapons testing; a CTB would inhibit Soviet as much as U.S. developments. The security issue therefore becomes one of whether the U.S. is better off in a situation where neither side is testing than in one where both continue to test.

Since the present trend in U.S. weapons development is toward more accurate delivery systems rather than higher yields, future concerns lie more in missile guidance developments than in nuclear weapon testing. If there are possible "breakthroughs" ahead, a CTB would inhibit their likelihood for both the United States and the U.S.S.R.

DÉTENTE AND THE TEST BAN

Finally, it has been suggested that to reject the TTB and PNE Treaties would be damaging to detente, already battered badly out of shape. But would it? Why would it not be more constructive for the U.S. and U.S.S.R. to agree to work out a test ban treaty with real arms control significance, rather than a transparent phony? Because the TTB and PNE Treaties are so inadequate, they tend to devalue detente rather than enhance it, and serve to further erode public support.

If the two nations, which have been engaged in a devastating nuclear arms race for over thirty years were instead to jointly take the first meaningful step toward ending that race, that would have more meaning for detente, not only for the two adversaries but for the entire world, than any step yet taken.

There is another aspect of the detente/arms control issue to remember: even if there were no detente, and relations between the two countries were far worse than they are today, arms control measures would *still* be in our net interest. We can survive with detente in a weakened condition, as long as we are honestly pursuing means of ending the arms race. The reverse is simply not the case.

The Threshold Test Ban and Peaceful Nuclear Explosion Treaties are more likely to prove to be stumbling blocks than stepping stones toward a comprehensive test ban. The TTB is an idea whose time is past; linking the PNE Treaty to it has ensured that no CTB will be possible as long as the Soviet Union maintains an interest in peaceful nuclear explosions. It is time to put aside PNEs as a costly and unnecessary obstacle to at last fulfill a thirteen year old commitment, first stated in the preamble to the Limited Test Ban Treaty, "to achieve the discontinuance of all test explosions of all nuclear weapons for all time."

"Mr. Chairman, it is our intention not to allow (the comprehensive test ban) to be buried beneath the threshold of any partial underground test ban treaty, as—contrary to any such ban—the CTB is the single most decisive step towards nuclear disarmament that could be taken, a step to be greeted with joy and relief all over the world, a step in the way of which there are no technical difficulties that could be accepted as an excuse not to take it." Mrs. Inga Thorson, Leader of the Swedish Delegation to the Conference of the Committee on Disarmament, July 17, 1975.

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ACA STATEMENT ON NUCLEAR TEST TREATIES: THE THRESHOLD TEST BAN AND "PEACEFUL" NUCLEAR EXPLOSIONS STEPPING BACK FROM RESPONSIBILITY

On May 28, 1976, the Arms Control Association released the following statement:

The Arms Control Association today reaffirmed its opposition to the "threshold" test

ban treaty signed in Moscow in July 1974 by former President Nixon and Soviet General Secretary Brezhnev, and to the companion treaty governing the conduct of nuclear explosions for peaceful purposes, which President Ford and Secretary Brezhnev have just signed in separate ceremonies.

The Association believes that the two treaties represent a disheartening step backward from responsible arms control policies. By permitting continued nuclear weapons tests of very sizeable magnitudes and by establishing arrangements for conducting nuclear explosions for peaceful purposes, the agreements are likely to delay indefinitely the achievement of a long-sought treaty banning all nuclear tests, and to provide new respectability for the arguments of states which seek to develop nuclear weapon capabilities by professing an interest in peaceful explosions alone. By so doing, the proposed treaty sets back still further the prospects for preventing the spread of nuclear weapons to other countries, and for countering the grave threat to world peace and security such proliferation poses.

The Association continues to believe, as it did in 1974, that the President should not submit the treaties to the Senate for its consent to ratification. Instead, the President should reopen negotiations with the Soviet Union to obtain a treaty banning all nuclear weapons tests, and should instruct the United States delegation to the Conference of the Committee on Disarmament to undertake serious negotiations in that multilateral forum toward a treaty banning all nuclear weapons tests, in fulfillment of the commitment made by the United States government, along with all other parties, in the 1963 Limited Test Ban Treaty and the 1968 Non-Proliferation Treaty.

Five aspects of the proposed treaties are of particular concern:

(1) The Threshold: A limit of 150 kilotons has no relationship to verification capabilities, which now permit the reliable detection and identification of nuclear explosions underground at much lower yields, in most cases at such low yields that any tests which went undiscovered would be of small military utility. The 150 kiloton limit does, however, permit continued testing of nuclear weapons of considerable magnitude—more than ten times the size of the weapon that devastated Hiroshima.

(2) Peaceful Explosions Given New Respectability: Furthermore, it is clear that peaceful nuclear explosions (PNEs), which are indistinguishable from nuclear weapons tests, can be used by other countries as an excuse to justify nuclear weapons development. There was widespread skepticism when India announced that its May, 1974 nuclear explosion was entirely for peaceful purposes. Brazil, Argentina, and others have all expressed an interest in PNEs. By completing a treaty allowing such explosions, the United States and Soviet Union give new and unwarranted respectability to India and other nations which undoubtedly will use the new treaty to argue that their conduct of PNE programs has been vindicated.

(3) A Freeze On Further Test Limitations: The proposed treaties, if adopted, are likely to freeze the level of permissible nuclear tests at 150 kilotons for years to come. There is no provision for systemtically lowering the threshold or number of tests to zero; furthermore, U.S. acquiescence in tieing peaceful explosions to the threshold test ban has made an eventual comprehensive test ban treaty hostage to the continued Soviet interest in PNEs.

The United States has quite properly, but belatedly, all but abandoned efforts to develop nuclear explosives for peaceful purposes. Years of experimentation and millions of dollars in research into ways of using nuclear explosives for excavation, underground engineering, and electric power generation have all led to the conclusion that PNEs cannot compete with conventional means of accomplishing the same objectives, when all economic, environmental, and political considerations are taken into account.

The value of PNEs may be seen in a different light elsewhere, but in no case should the propsect that PNEs might prove useful some day be used today as an excuse for preventing a total ban on all nuclear tests.

(It should be noted that the preamble to the Threshold Treaty at least reaffirms the principles of the 1963 Limited Test Ban Treaty which bars the presence of radioactive material outside the national boundaries of states conducting underground nuclear explosions. This provision almost certainly will prevent the Soviet Union from carrying out announced plans to excavate a large canal using nuclear explosives.)

(4) "On-Site Inspection" Provision Is No Breakthrough: References to the inspection provisions of the PNE treaty as a "breakthrough" are misleading. The complex and highly specialized procedure for inviting designated observers to a predetermined location to witness a preplanned explosion bears little relationship to the on-site inspections sought in the late 1950s and 1960s in connection with test ban negotiations. The principle that U.S. negotiators then sought to establish involved the dispatch of U.S. or Soviet inspection teams, upon acquisition of suspicious information suggestive of nuclear testing, to any location, anywhere in the USSR or United States, at any time. In any event, care should be taken in future arms control negotiations that on-site inspections not be made a condition where they are not necessary.

Furthermore, the science of nuclear test identification has now reached the point where almost all seismic events which can be detected can also be identified, either as earthquakes or explosions, by national technical means, so there would hardly ever be any occasion to call for such an on-site inspection.

Finally, research on on-site inspection technology has shown that such inspections are easily made unreliable by a determined evader. Thus on-site inspection, as it was conceived years ago, would no longer contribute in any way to the verification of a comprehensive test ban. Such specialized verification techniques as have been devised for the PNE agreement might have some relevance to some equally specialized verification problems, but essentially none in the case of a nuclear test ban.

(5) Commitment To The Non-Proliferation Treaty: The United States and Soviet Union have been criticized widely in recent years for the non-implementation of their obligations under the Non-Proliferation Treaty, not only to end all nuclear testing, but also to bring about more rapid and meaningful progress at SALT and provide security assurances to parties to the Treaty which have been asked to forego nuclear weapons. The two superpowers have responded by saying, in effect, that how they handle their arms race is nobody's business but their own. But that is not true. The ending of all nuclear weapons tests is an essential goal of all nations; any test ban treaty requires the participation of as many nations as possible. Bilateral actions by the two superpowers affect the world's future security and well-being, and cosmetic "arms control" agreements drawn up solely for their mutual convenience, to keep all possible options open, are not good enough.

The Arms Control Association therefore calls on the President to reopen negotiations with the Soviet Union to obtain a treaty banning all nuclear weapons tests, and to instruct the United States delegation in Geneva to negotiate with all parties in the Conference of the Committee on Disarmament a comprehensive ban ending all nuclear weapons tests for all time.

NOTE.—This statement has been approved by the Board of Directors of the Arms Control Association with the exception of Secretary of Transportation William T. Coleman, Jr. ACA felt it inappropriate to ask him to take a position on this matter.

VERIFICATION: IMPORTANT QUESTION FOR THE NUCLEAR TEST BAN

In the past, the question of adequate verification has been one of the primary obstacles to the negotiation of a comprehensive test ban (CTB) on nuclear weapons testing. Similarly, the issue of verification will be at the heart of any future debate on the Threshold Test (TTB) Treaty and the Peaceful Nuclear Explosion (PNE) Treaty. This is especially true since Administration officials are likely to highlight the precedence of Soviet agreement to a form of on-site inspection in the PNE Treaty rather than the TTB's limited effect on the nuclear arms race. As discussed in the ACA statement (see p. 4) the "prearranged" on-site inspection procedures of the PNE Treaty are much less effective than the on-site inspection concept which once was an essential U.S. requirement for a CTB. Furthermore, in recent years the actual value of on-site inspection for detecting clandestine nuclear tests has been questioned by many experts including Defense Department officials.

One reason why on-site inspection is not as important as it once was is due to the significant advances in national means of verification such as seismic monitoring and surveillance satellites. Seismic detection relies upon very sensitive seismograph systems to detect the long-range vibrations or seismic waves created by nuclear explosions. In recent years great progress has been made towards solving the problem of distinguishing nuclear explosions from natural earthquakes at very low seismic levels.

The lowest yield at which a nuclear test ban can be detected and identified with a high probability is still a matter of debate. Many experts believe that tests of only a few kilotons can be verified while Administration officials tend to place the threshold for detection at a higher level. (For a more detailed discussion of the issues of seismic detection and evasion see the May 1974 *ACT*.) Even including a conservative margin for verifictaion, it is clear that the 150 kiloton ceiling of the TTB has little relationship to current detection capabilities. The high ceiling of the TTB is more likely the result of bureaucratic resistence within each country to greater restrictions upon nuclear weapons development.

The combination of improvements in seimsic detection systems and satellite surveillance capabilities has lead many arms control experts to conclude that a CTB could be adequate verified at the present time by national means. They stress that the verification question is not whether an extremely small nuclear test (a few kilotons) can go undetected, but rather whether the risks of not being able to detect such small tests would be of any military significance. Furthermore, the country contemplating such a violation of a CTB would also need to examine whether a weapons test of such a small yield would produce military benefits worth risking detection and the abrogation of the treaty.

A final concern of verification deals with the PNE Treaty. The U.S. position has been that there is no fundamental distinction between a nuclear test for "peaceful" purposes and one for weapons development. Consequently, the U.S. sought corresponding limits upon military and peaceful nuclear tests. The PNE Treaty is accompanied by a detailed eight-page Protocol dealing with the technical and information requirements which must be met before a peaceful nuclear explosion can be undertaken. The provisions of the Protocol are likely to be carefully examined in Congress since the implications of some are ambiguous such as Article III which suggests that individual PNE tests above the 150 kiloton ceiling might be permitted at a later time.

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House of Representatives

ALTERNATIVES FOR THE U.S. NAVY

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD a summary of the remarks of Dr. Barry Blechman when he met and discussed the topic "Alternatives for the U.S. Navy" with Members of Congress and their staffs on March 30. Dr. Blechman is a defense analyst and a recognized naval expert. He heads the defense analysis group at the Brookings Institution and was formerly a staffer at the Center for Naval Analysis. He has written two monographs for Brookings on naval affairs, "The Changing Soviet Navy" and "The Control of Naval Armaments: Prospects and Possibilities."

Dr. Blechman points out that even though the Soviet Navy is smaller than it was 20 years ago, it is a much more potent adversary, because of improvements in design and equipment. By the same token, the U.S. Navy's capability can not be judged, he says, merely by counting numbers of ships—which have declined—but must be measured by its overall quality and capabilities.

Dr. Blechman outlines some of the serious problems that have developed in our fleet's material readiness and in the cost of new ships, and he offers some suggestions as to possible solutions. He also points out that the U.S. Navy has some very significant advantages over the Soviet Navy. He emphasizes that one thing that would help would be for our own Defense Department to stop exaggerating the Soviet naval threat in osder to frighten Congress into supporting the Navy budget requests.

This talk on "Alternatives for the U.S. Navy" was part of a continuing series sponsored by the MCPL Education Fund dealing with various subjects under the general heading of "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy."

In response to requests from Members desiring to study them and from interested members of the public, I have placed summaries of other such talks in this series in the RECORD. Other participants in this series have included: Dr. Kosta Tsipis, Dr. James Schlesinger, Mr. Paul Warnke, Dr. Jeremy Stone, Mr. John Finney, Dr. Herbert Scoville, Jr., Dr. Homer Jack, Dr. Marshall Shulman, Mr. Milton Leitenberg, Dr. Richard Garwin, Mr. Thomas Halsted, Dr. Seymour Melman, Dr. Graham Allison, and Dr. Zbigniew Brzezinski. Those who wish to obtain a reprint of these talks should contact Dr. Barry Schneider, Care Of MCPL Education Fund, Suite 316, 201 Massachusetts Avenue NE., Washington, D.C. 20002.

The summary of Dr. Blechman's remarks follows:

ALTERNATIVES FOR THE U.S. NAVY

(By Barry M. Blechman)

The navy is a very important arm of the military—perhaps the most important one. In Mr. Blechman's view, fundamental changes in the structure and composition of the U.S. Navy are necessary, however, if the Navy is to serve its purposes well.

The USN plays a major part in signalling U.S. intent to other countries, through its role of providing a U.S. military presence abroard. In this way, the navy signals our willingness to defend our allies. Navies can be sent to troubled regions, go on alert, man battle stations, or be withdrawn. These actions are much more credible than words, yet less disruptive than other actions that could be taken. In nearly every U.S.-Soviet crisis since the Berlin Crisis of 1961, naval forces have been used in this capacity. Navies also serve as a proxy for other armed forces. The size and capacity of the superpowers' naval forces are seen as a symbol of overall military capacity.

CONTRASTING TRENDS

Over the past 15 to 20 years, the Soviet Navy has made dramatic changes in the quality of its equipment, in its deployment policies, and in its missions.

Beginning around 1958, the U.S.S.R. entered into a sustained program to modernize its fleets. New ships and submarines, which hesitantly began to appear in the early 1960s, were markedly improved over earlier Soviet naval vessels, which more likely than not were imitations of Western designs. These new Soviet ships also incorporated certain striking innovations, such as the use of cruise missiles for operations against opposing surface fleets. Beginning in the late 1960s, what we may refer to as a second generation of indigenously-designed Soviet naval ships and submarines began to appear; and these were very good indeed. Thus, even though the Soviet Navy is smaller in size than it was 20 years ago, it is a much more potent potential adversary.

Moreover, beginning in the mid-1960s, the Soviet Navy for the first time left the home waters to which it previously had been confined, and began to deploy its warships far from the homeland. A standing Soviet naval presence was established in the Mediterranean in 1964, and in the Indian Ocean in 1968. Intermittent Soviet deployments to the Caribbean were initiated a year later. And at roughly the same time, Soviet warships began to range further afield and to appear in greater numbers in the Atlantic and the Pacific Oceans. This build-up has more or less leveled off within the past few years, but the sudden appearance of the Soviet Navy on the oceans of the world has left an indelible imprint in the U.S. political arena.

Then, perhaps most troubling, the U.S.S.R. began to use its Navy for various political purposes; to employ its naval resources in a traditional Western practice the Soviets had long derided—gunboat diplomacy. They did this tentatively at first, in marginal situations not involving the United States. But when these early efforts were crowned with some success, Soviet leaders became more bold; a fact vividly demonstrated during the 1973 War in the Middle East.

At the same time, the U.S. Navy has fallen somewhat into disrepair.

For one, the Navy is much smaller than it used to be. Excluding strategic forces, the following changes have taken place:

	Fiscal year 1964	Fiscal year 1976	Percentage change
Number of ships	892	430	—52
Displacement (million tons)	6.8	4.9	—28

The proportionally lesser reduction in tonnage reflects the fact that newer ships are larger and presumably, therefore, more capable than their predecessors. For example, looking at a shorter time frame, between FY 70 and FY 77, including strategic forces, the number of ships declined by one-third (769 to 489). At the same time, these changes took place in various indices of capabilities:

	Fiscal year 1970	Fiscal year 1976	Percentage change
Standard displacement (million tons)	6.7	5.4	—19
Shaft horsepower (millions)	23.9	18.7	—21
Electrical generating capacity (megawatts)	1,949	2,029	+4

Note that electrical generating capacity, which may be the best single index of a modern Navy's capability, actually increased. Nonetheless, just like aircraft, no ship can

be in two places at once. And even if qualitative improvements have been sufficient to compensate for the steep decline in the size of the fleet, so too has the opposition improved its capabilities. Indeed, one would suspect that the Soviets have probably improved proportionally more. Thus, many observers have begun to fear that the U.S. Navy has become too small.

Additionally, serious problems have developed in the fleet's material readiness. For example:

	Fiscal year—	
	1972	1975
Ships overdue for overhaul (percent)	4	13
Average number of major items of equipment not functioning on each ship:		
Critical item only	1.0	1.75
All items	3.5	5.0
Naval aircraft nonoperational due to lack of parts (percent)	15	20
Production lead-time for spare parts (days)	190	170

The main cause of these problems is easy to understand. The shipbuilding appropriation began to decline in FY 1968. It remained depressed till 1972 as, first, the cost of the U.S. involvement in Vietnam and, then, the state of the U.S. economy exerted strong pressures for lowered expenditures on items not directly related to the war effort. Even then, the shipbuilding appropriation grew only slowly, for various reasons, until fiscal year 1976.

At the same time, the prices of new ships have soared. Part of the sharp price rise is due to inflation; no other sector of the defense budget seems ot have been struck quite so hard. Another part was caused by the performance demanded of new ships: ships with missile systems instead of guns; ships with detection, communication, and other electronic systems at the leading edge of technology; ships with much larger than traditional spaces for weapon magazines, fuel storage, and crew quarters; and ships with nuclear rather than conventional propulsion systems; are all far more expensive ships. And finally, part of the price rise is due to failures in Navy management and the structure of the American shipbuilding industry. Shipbuilding is one of the few sectors of the American economy which has experienced a decline in productivity in recent years.

As a consequence of these contrary trends, even the now large appropriations for shipbuilding buy an insufficient number of ships to replace the roughly 20 or so vessels that must be retired each year, much less to add to the size of the fleet. In 1955, a shipbuilding appropriation of $1.2 billion was enough to purchase 30 ships and pay for 17 conversions. In 1976, a requested appropriation of $6.3 billion would only have paid for 16 ships and no conversions. Moreover, pressures to make available more funds for shipbuilding have caused the Navy and the Congress to skimp on funds for operations and maintenance; a fact which more than anything else has led to reductions in the operating tempo of the fleets and the previously mentioned problems of material readiness.

SOLUTIONS

What solutions can be found to alter these negative trends?

One thing which would help in the short term would be to stop exaggerating the threat. U.S. spokesmen are the ones who set the terms of the debate over relative naval capabilities. Our own budget process is debilitating in this regard. The Soviets don't talk about their own capacity; they watch as the U.S. tears its own defense program down in public and undermines its credibility abroad with exaggerations about U.S. naval weakness.

The Soviets generally have reacted to moves made by the U.S. Navy. First, the Soviet Union set out to counter the U.S. aircraft carriers, which played a major role in our plans for nuclear attacks against the U.S.S.R. in the 1950s. This led to their emphasis on submarines and cruise missiles, since they lacked airpower. Next, they have tried to do something about our strategic submarines, but without much luck, as best one can tell. Each of these steps led them to deploy further from Soviet "home waters."

Certain weaknesses can readily be seen in the Soviet Navy. Most of their submarines are relatively noisy, making them vulnerable. Their surface warships tend to be small, limited in endurance, carry few reloads, and have no staying power in a hostile environment. Moreover, the Soviet Navy is not capable of projecting power ashore if opposed. This is due to the fact that the Soviets have very limited sea-based air power. The Soviet Marine Corps is small (17,000, vs. a U.S. Marine Corps of nearly 200,000). Thus, they have only a very limited capability for amphibious assault. In addition, the Soviets have virtually no land-based infrastructure overseas. When these and other factors are considered, it becomes obvious that the situation is not as tragic as it is sometimes painted.

Mid-term solutions could be found so that U.S. forces could operate more effectively at present strength. U.S. deployments split the Navy, roughly 50/50, between the Atlantic and the Pacific. Also, we adhere tenaciously to a rigid deployment policy which limits our flexibility. We need to move from a fixed to a flexible deployment pattern. We should, for example, vary the number of aircraft carriers deployed in the Mediterranean. The present two carrier composition of Sixth Fleet is a carry-over from the 1950s. At that time, the carriers' nuclear strike role demanded that they be near the planned launch point for their aircraft; that constraint need apply no longer.

Over the longer-term, we should shift our emphasis from the attack aircraft carrier. Carrier task forces are usually sent into almost any situation when the Navy is needed. Other, less expensive systems would suffice in many of these instances. For example, we have seven small carriers known as LPHs. These could be equipped with V/STOL aircraft for use in regions like the Indian Ocean, accompanied by surface warships.

Another solution would be to reduce Navy manpower. If people were used more efficiently, less people would be needed and more money made available for shipbuilding or equipment. Money now going into training, base maintenance, and reserve forces, and other areas could be saved, and used to increase operations funds.

The essence of the problem, however, lies in the shipbuilding program. First, growth in the price of ships must be controlled. That will require closer cooperation among the Navy, the ship-builders, the Congress, and the labor unions. One step which might help would be to establish an independent body to adjudicate shipbuilding claims. And, finally, it might be beneficial to introduce greater competition among American shipbuilders. Two possible approaches would be to:

(1) Re-open or expand some of the Navy's own ship yards;

(2) Permit foreign yards to bid on some shipbuilding contracts. Scandinavian countries, for example, are excellent shipbuilders, as are the Japanese.

Even if efforts to control growth in the price of ships were successful, however, much of the shipbuilding problem would remain. Shipbuilding costs are being driven higher more by real factors than by illusory ones: by the vast performance improvements demanded of new ships.

What can be done?

First, and here I am obviously as guilty as the next person, we should stop talking about the size of the fleet as if a *Nimitz*-class aircraft carrier were the equivalent of a destroyer tender. What is important is not whether the U.S. Navy should have 600, or 550, or 500 ships, but how many ships of each specific type it should have—and what the characteristics of their weapons and other component systems should be.

Second, nuclear power should not be treated as a question of theology. The issue of whether a particular vessel should be powered by a nuclear reactor or by some other propulsion system is one of the few military problems amenable to solution through the arcane methods of the systems analysts. For the most part, it is not a matter of intangible subjective political judgments, but a case of clear trade-offs between relative costs and relative effectiveness. These questions can, and should be left to technicians.

Third, the notion of a high/low ship mix in ship procurement needs to be revitalized. If you remember, this was a strategy suggested by Admiral Zumwalt for dealing with the growing cost of ships. It envisioned building some very capable (and therefore very expensive) vessels for the most demanding contingencies, and larger numbers of less capaple (and therefore less expensive) ships for les demanding contingencies. Obships for less demanding contingencies. Obviously, one does not have to send the *Nimitz* every time a show-of-force is desired to impress a third world politician. Unfortunately, the highlow mix seems to have gotten caught up in politics—both electoral and bureaucratic. This situations needs correction, quickly.

CONCLUSION

It is obvious that I have raised many questions, but answered few. Still, a serious debate on these matters is long overdue. For too long now, we have acted in recognition of the risks associated with virtually any change in the basic structure, or disposition, or internal policies of the U.S. Navy, but without recognition of the perhaps even greater risks associated with perpetuating the status quo. That risk, in brief, is that because of the conflicting budgetary trends of increasing costs for each unit of defense (both people and hardware), but relatively constant ceiling on overall spending, the present apparent gap between the capabilities of the Navy and the purposes which it is supposed to serve, can only grow larger over time. This is not a prospect that the nation should face with equanimity.

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House of Representatives

MCPL EDUCATION FUND SPEAKERS SERIES MEETING WITH DR. SEYMOUR MELMAN, COLUMBIA UNIVERSITY, ON MARCH 31, 1976, TO DISCUSS "THE IMPACT OF DEFENSE SPENDING ON THE U.S. ECONOMY"

Mr. SEIBERLING. Mr. Speaker, I am offering for the RECORD a summary of the remarks of Dr. Seymour Melman, professor of economics at Columbia University, on "The Impact of Defense Spending on the U.S. Economy," which he made before Members of Congress and their staffs in a seminar on March 31, 1976, as part of the MCPL education fund speakers series.

Dr. Melman is one of the Nation's leading experts in this field. The summary of Dr. Melman's remarks follows:

THE LIMITS OF MILITARY POWER

To date very little discussion has taken place on the limits of military power. There has been lots of discussion of the competence and capability of military power, but very little discussion of its limits. But there are limits. In 1963, then-Secretary of Defense McNamara laid out before the House of Representatives the thesis of "mutual deterrence," that is, the reciprocal aibility of the United States and the Soviet Union to destroy each other, an era which he said was approaching rapidly. One member of Congress repeatedly questioned this thesis, calling it a "grim prospect," and "refusing to concede that the energy and industry of 180 million Americans" could not prevent it. That Congressman was Gerald Ford. This is the point of view that sees no limit to military power, and this is a characteristic of the American people. But this point of view is not a guide to the real world. It leads to an even more dangerous collateral assumption: that you can continually add to military power in the nuclear age, and have it be meaningful. This point of view also has disastrous economic ramifications.

The Impact of a War Economy. This society is in the midst of an ideological crisis. The ideas that purport to show how the world works are in conflict with reality, with observable events.

Economy as a field is in an ideological crisis. In the center, the theory is (from Keynes) that either we have government spending to prime the pump, or recession/depression. In the recent past, we have had both simultaneously.

On the right, the theory is that unemployment is a trade-off for curbing inflation. There too, we've had both simultaneously.

On the left, the theory of monopoly capital says that we must have either a war economy or economic stagnation. And we've had both. Never before, even in the great depression, have the conventional tenets of economics been so much in question.

In all of the theories, there are three assumptions:

(1) Economic problems are superstructural; they pertain to matters of money, magnitude, interest and flow.

(2) If an allocation of resources is made, there will be people waiting for orders to proceed, and they will then do so.

(3) The underlying production system is fully competent, and only waits for the order to produce.

This third assumption is no longer valid. In the past, it was typically assumed, confidently based on experience, that the underlying production system of the United States was so efficient that the U.S. could pay the world's highest wages and still compete against cheap foreign wages. In fact, our productivity was the highest in the world. For example, the automobile industry in the United States, in the early post World War II period, produced the lowest priced vehicles in the world, in price per pound. This, however, has ceased to be the case, and it has ceased because of the sustained war economy.

A war economy is an economy in which war production is both on a large scale and sustained over a long period of time, is treated as if it were any other kind of production, and aggregated into the gross national product. Such aggregation misleads, because an increase in part of the economy, is treated as an increase in the whole, even though it causes stagnation elsewhere.

In science, categories have no autonomous validity. They have no use except as they have predictivity. What is a product? To Marx, Adam Smith, and Keynes, a product was something valued in money. By doing that, you lose sight of what the product will be used for. It took Thorstein Veblen to formulate the idea of the difference between the pecuniary and the industrial employment of capital, that is the difference between use for monetary gain, and servicible use.

In Smith, Marx, and Keynes, you classify by exchange value, in Veblen by use value. The Veblenian type of class is essential to understanding the U.S. economy. Crucial elements in the economy, especially the use of money capital, have been converted to military purposes. In the thirty years since the end of World War II, 75-80% of Federal research and development funds, which dominated all research and development, have been for military purposes. If you give attention to the use of capital, the budgets alloted to one element, the Defense Department, exceeded every year since the end of World War II the corporate after-tax profits. It was President Eisenhower who first underscored that relationship. Nobody has ever mentioned it since, much less credited it to Eisenhower. The functional use of technology and capital has a controlling effect, and been decisive in the growth of the American economy, especially in the growth of productivity. The rate of growth of the economy, per civilian, has lagged dramatically behind that of the Europeans and Japan in the last decade. Output per man-hour in the United States is far behind much of the rest of the industrialized world.

Why has the economic performance of the rest of the industrialized world been so spectacular, and that of the U.S. so lackluster? The United States has used its output gains for the military.

Why has West Germany no currency inflation? Primarily because its technology has been used with overwhelming emphasis on productivity growth.

Consequence: Unemployment. As civilian technology advanced less, as the civilian economy slowed, people holding funds for civilian capital investment discovered that if you invested abroad, you got a more rapid rate-of-return. So, capital investment went abroad, a niagara of capital export—$47 billion in the decade of the 1960's, a historically unprecedented level. This was direct, fixed investment.

If we leave out the mining/extractive industries, which have to be located where the ore is, you cannot escape finding that between 3 and 4 million job opportunities were thereby exported. If you allow for a modest calculation of the multiplier effect, between 6 and 8 million jobs were terminated. The United States is becoming a community that cannot organize production efficiently. And you cannot escape the link between the permanent war economy and this loss of jobs.

The magnitude of this job loss is strikingly similar to the level of unemployment shown to exist by the President's Council of Economic Advisors, and that which they think likely to continue, and for which they offer no explanation. Their methods (unintentionally) make it impossible for them to understand the effect of the permanent war economy.

U.S. plants now operate the oldest stock of metal-working machinery in the world. The keystone of production technology, electric power generation, has risen in price for the first time practically since it was introduced onto the scene. The underlying production system of the United States is no longer in good shape.

Crisis of the Cities. The cities are involved

in this common problem. The older cities of the Northeast have had a massive removal of capital funds elsewhere to go for federal enterprises. $16 billion has been taken from New York City, $7.5 billion from New York state. This is seven times the naughty budget deficit which Mayor Beame ran up. At the same time, $13 billion of revenues in excess of collections was spent in the so-called Sunbelt states. Other federal policies have lead to the creation of a "lumpenproletariat" in the cities which require all manner of community services.

A baleful feature of the present election campaign is that not a single one of these topics have been dealt with in the course of this election campaign. This is a pity because a campaign offers a platform to discuss such things, and if there is even a fractional validity to this argument, it should be discussed.

SELECTED QUESTIONS AND ANSWERS

(All questions and answers have been paraphrased and condensed.)

Q: One thing you didn't touch on, were recent studies by Roger Bezdek showing that military expenditures directly produced unemployment. Are you in accord with this view?

A: Yes. That is a slightly different problem, which generates proximate effects. I'm trying to get at an underlying assumption, which is that the means of production are decaying. Literally, our machines are second best. We now have the oldest stock of metal working machinery in the world. Oldest means a slow-down in the rate of replacement. We are replacing at a slower rate because the cost of new machinery is higher than the cost of the labor it is replacing. This is because machinery producers have become less competent. They have been confronted by the Defense Department, NASA, the AEC, all organizations which demand cost maximization, rather than minimization. This has meant that the end of a long increase in the attractiveness of machines versus manual production. Productivity is not a planned effect, it is a derived effect. As it pays to mechanize, the derived effect is larger output per worker. When there is no incentive, the process is cut off. That has led to the aging of our stock of machinery.

Q: Since World War II, we've spent, by various estimates, between $1.5 and $2 trillion on defense. What does that mean in terms of economic effect? Is that a diversion?

A: It is emphatically that. To give you an idea of the magnitude, you can compare it with the money value of the *reproducible wealth* of the United States. Taking the lowest figure for defense expenditures, that is, $1.5 trillion, that is 63% of all the reproducible national wealth, i.e., the quantity of resources required to rebuild ⅔ of what is man-made on the surface of the U.S. And this is what has been forgone by the United States.

Q: If we had not spent this on military items, could we have raised the standard of living 63%?

A: Probably not, but we could have terminated economic underdevelopment in the United States, and we could have redone the capital assets of the United States, including our cities, to a standard at or close to the highest that the professionals in each field know how to design. This society is still marvelously wealthy. It is the presence of this wealth that blinds us to the absence of wealth (i.e. pockets of poverty in U.S. society).

Q: What would it take to redistribute the expenditures of the defense budget and convert to a peacetime economy?

A: (1) A clear plan for the productive use of the capital investment needed was given in January 1969, by the Council of Economic Advisors, which published a report: *The Economy After Viet Nam*. That report proposed new programs derived from various proposals. The whole unmet national needs agenda amounted to $39.7 billion per year. In current dollars, about $50 billion per year. This was a hard enumeration of the uses to which the so-called "peace dividend" could be put to. The report was ignored. The importance of such a document is that it constitutes an effective new market to direct the military industry and bases towards, and to prepare new industry. Such planning is best done locally, with local responsibility, and authority. The reason for this is to make sure that real needs are met.

(2) Defense-oriented companies probably would not be able to plan effectively their own civilian conversion, because cost maximizers tend to fall on their faces in the civilian economy. So you need measures to guarantee employment and income to defense workers.

(3) You need a National Economic Conversion Committee to oversee capital investment, and to encourage people to do it in a competent way.

Q: Wouldn't such a plan make us fall behind the Soviet Union in military forces?

A: On the basis of all available evidence, there is no way either country can achieve first strike capability. Even if there was, there would be no possibility of avoiding a radiation backlash on the launching country. The U.S. can destroy the 219 Soviet communities of 100,000 people or more forty times over. The Soviet Union can destroy us twenty times over. When I address American military officers concerned about the Soviet threat, I always ask them if there would be any difference if the nuclear forces of the two sides were reversed.

Q: This is a losing game for both the United States and the Soviet Union. It would seem that the job of leadership is to negotiate a freeze, and then a mutual reduction of weapons. The importance of the 1969 report is that it gives a decision-maker ways to provide such leadership, that here is an alternative to simply cutting off defense industries.

A: May I report that I asked an astonished House Armed Services Committee what activity they've pursued to lead to reducing our armed forces, preferably jointly. I didn't get a very lengthy reply. The bitter truth is that the United States is simply not interested in reversing the arms race. There have been no proposals, no schemes, no committees of Congress have undertaken hearings on the reversal of the arms race. That means that newspapermen don't know about such ideas, many writers of textbooks know that there is no money in writing about the reversal of the arms race. And ACDA is a less than vigorous advocate of such things.

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MCPL EDUCATION SPEAKERS SERIES MEETING WITH PROF. GRAHAM ALLISON, HARVARD UNIVERSITY, ON APRIL 28, 1976 ON "IMPROVING U.S. FOREIGN POLICY DECISIONMAKING"

Mr. SEIBERLING. Mr. Speaker, I am offering for insertion in the RECORD a summary of the remarks of Dr. Graham Allison, Harvard University professor of political science and consultant to the Murphy Commission, on the subject of "Improving U.S. Foreign Policy Decisions: Some Highlights from the Murphy Commission Report." Dr. Allison talked with Members of Congress and their staffs on April 28, 1976, in one of a series of meetings on new directions in foreign policy, defense policy and arms control policy sponsored by the MCPL Education Fund.

The summary of Dr. Allison's remarks follows:

SUMMARY OF REMARKS BY DR. GRAHAM ALLISON

A recent James Reston column characterized our present foreign policy decision-making system as an "incoherent mess," in which Congress and the President "can't seem to agree on anything."

The relative virtues of Congress and the Presidency with respect to foreign policy decision-making are uncertain, and both have their limtations. However, as has been observed, the Constitution invited a struggle and a struggle has ensued. The purpose of the Murphy Commission was to examine how to best organize the U.S. government for foreign policy decision-making and how it could be improved. In addition to the Murphy Commission report Dr. Peter Szanton and I have recently written a book on how to improve the decision system and I choose to outline those ideas rather than the report itself. Nevertheless, in passing, the Murphy Commission Report inspired the best line in a government document in the past decade, penned by Senator Mike Mansfield, a member of the Commission, who observed that the report represented "thin gruel served up in a thick bowl."

SENSIBLE CHANGES

Peter Szanton and I in our book recommend several changes in foreign policy decision-making as it relates to Congress. These include:

(1) Restore a workable level of trust and comity, and strengthen centripidal forces.

(2) In relations between the President and the Departments, the role of the President and his appointees should be enlarged to ensure that they are able to shape policy and that the broader national interest is served. This means an active President, and strong Secretaries.

Secretaries should be the chief substantive policy officers and principal advisors to the President in their areas.

There should be an executive cabinet, with the principal Secretaries as members.

(3) Strengthen the Secretaries and lengthen their terms, improve intra- and inter-team relationships, and improve the level of understanding of political appointees.

KEY PROBLEMS

What are the problems of the current organization, and why does organization matter, and what objectives should we strive for?

(1) How does one conduct foreign policy on behalf of the larger national interest, under conditions of broadly dispersed power?

This is a problem that is not new in town, but is new in the degree of dispersion of power. State, Defense, Treasury, and also the Departments of Labor, Agriculture, Commerce, almost everyone is involved in foreign policy decisions now. The tightening economic and physical interdependence of nations causes foreign and domestic policy to impact on one another, and diffuse power through the Executive Branch.

There is also a diffusion of power in the Congress. This is caused partly by weak leadership, partly by the Committee system.

Also, there is more dispersion of power between government and the private sector. Many of our key industries are multinationalized and we tend to lose some influence over them as a result.

Lastly, there is more dispersion among nations. There are now two superpowers, eight to ten large powers, many middle-sized states, and 100 odd others.

If you look at the oil issue, a decision by a dozen oil-producing states could create 10% inflation in the U.S., long lines of cars at gas stations, and impact on the prosperity, stability, and economic development of the Fourth World. While this was met with more success than we had hoped for, as the multinational oil companies divvied up the oil equitably, it was not done with government guidance.

Nixon's "Project Independence" may or may not be just a piece of rhetoric, but in any event the response of the rest of the government was not impressive. Henry Kissinger argued for a floor price for oil, while William Simon disagreed with him. A dozen Congressional Committees held hearings, and virtually every government agency—the EPA, ICC, FEA, State, Commerce—all got involved. The administration was not able, however, to get an energy policy bill through Congress until 1975, and it was a weak bill, which has been weakened further by inaction since then.

(2) How to meet rapidly changing conditions with foreign policy structures which persist from the late 1940's.

A small example: we have had export controls on trade with the Communist states since 1950 or so, on national security grounds, until, in 1969, the policy was changed, on Congressional initiative. Previously, the policy had two objectives:

(A) don't sell anything that could help the Soviet military;

(B) don't sell anything that could help the Soviet economy grow.

In 1969 the Legislature said, "Wipe out the economic warfare objective, and focus only on trying to control high technology exports."

This change was followed by no directives for its administration, no change in administrative procedures, and the same people in Defense, State and the CIA remained in charge of determining what should be controlled. Although the rationale changed, behaviour changed very little indeed.

The problem is how to change these organizational structures that were put together in the 1950's for Cold War purposes. These structures matter because any particular organizational structure creates a capability for doing particular things, and vests decisionmaking weight on particular actors. Which department makes a judgement will have a predictable effect. If you want a decision made differently, change the departmental actor making the decision.

In 1961, the Arms Control and Disarmament Agency (ACDA) was created and more recently, the Arms Control Impact Statements were instituted, these give the Executive Branch more hoops to jump through when they make a decision.

GENERAL OBJECTIVES

While almost at the level of platitudes, these are essential:

(1) Restore trust in government.

(2) Rethink and restate U.S. objectives in the world. For people who became conscious of foreign policy in the Vietnam era, there is a substantial gap between rhetoric and reality, which we should try to do away with. E.g., It makes little sense to refer to a shaky and unstable relaxation of tensions with the U.S.S.R. as a "generation of peace."

(3) Advance national interests over particular interests, and long-run objectives over short-run.

(4) Adjust to U.S. interdependence. There are many new threats and opportunities in the world, and we should organize to meet them.

(5) Making government work. Many people in the country are anti-Washington, because they don't see why we need it. The depth of this feeling is surprising. Also, there is a lot of inflated rhetoric, part fashionable, part true. At the moment, intra-government relations could hardly be worse.

IMPORTANT, NEEDED CHANGES

Executive-Legislative relations. The factor most likely to disrupt U.S. foreign policy will be the shift in power from the Executive towards Congress. This will not be motivated mainly by public suspicion of Presidential adventurism, but because of a shift in the content of foreign policy. Most of our relations will not be security, but the tightening of economic and physical interdependence. These economic issues are the very stuff of domestic politics, so a greater Congressional role is inevitable.

However, Congress can be deeply involved without being either responsible or effective. People who observe the shortcomings of Congress tend to want to turn it into either a Brookings or a Systems Analysis office, which ignores the inherent nature of the institution. But changes can be made.

The first is to assist in the reconstruction of trust and comity between the President and Congress. In doing this, the Presidential attitude is important. But, there are also a number of informal steps that can be taken.

There should be steady and genuine coordination between the President and Congress. There is a role for Cabinet and Subcabinet officers to consult, early-on, and ungrudgingly, and also between Congressional and Presidential staffs.

Also, there should be a willingness by the Executive Branch to share the credit for a successful foreign policy, and to be seen as willing to share the credit.

More Effective Congressional Organization. The Congress should be organized so that it can actually deal with issues. To this end, there should be a sharp reduction in the number of subcommittees, perhaps a merging of the authorization and appropriations process, maybe changing the constitutional term of House members to four years. There are many interesting reforms that deserve debate, without gainsaying the possibility of more radical changes.

There are also more informal changes that would be desirable. The President should make an effort to strengthen his political influence on the Hill, perhaps through party caucuses.

Another good idea would be to have the President make a biennial statement on U.S. foreign policy objectives, and, in addition, White Papers on specific issues at a rate of perhaps ten or fifteen per year. Second, Committees should be created in both Houses of Congress, functionally committees on interdependence, whose purpose would be to receive these documents, prepare a response, and to propose a Congressional response to the program. The membership would be drawn from the Congressional leadership, the chairmen and ranking minority members of the key committees.

This biennial statement has precedents which have not been particularly useful, but they could be, if used systematically, and if ways were found of tying these documents to on-going processes (for example, tying the biennial statement to pressing legislation, as in making the preface to the military posture statement as an annual Joint State-Defense White Paper, and using specific White Papers as framework for ongoing policy decisions).

Such committees would (without unduly encroaching on the Executive) provide an opportunity for the Congress to do something in this field.

Another recommendation is for a longer foreign policy appropriations process. This should be at least biennial. Even longer periods would be sensible.

Better means for dealing with substantive areas. Particularly the War-making powers. The War Powers Act is clearly a step in the right direction, though it is rather mild compared to, say, the Constitution. Congress should also have a greater role in the first use of nuclear weapons, and also in economic management. The Trade Act of 1974 is a step backwards.

In intelligence oversight, a Joint Committee with teeth is required, more like those originally suggested than those which the House prefers. Messrs. Allison and Zamian think a most important problem is for there to be a serious check on intelligence activities. They hope that a Joint Committee would exercise jurisdiction over the intelligence community, confirm Directors of Central Intelligence, and that its staff would receive all intelligence estimates, as well as receiving advance notice of all covert operations, in association with responsible rules and procedures to protect confidentiality.

SELECTED QUESTIONS AND ANSWERS

(All questions and answers have been paraphrased and condensed.)

Q: How would the practice of "comity" fit with the separation of powers? It seems to me that we got into the Gulf of Tonkin through comity.

A: That's a good hard one. Sometimes, when an executive calls for comity, it means, "I'll call you into a meeting, and tell you what you'll do."

The call is to the Executive Branch. If you read the Nixon tapes, the Executive's views of Congress could hardly be less charitable, and could be characterized as: "how do you manipulate this rather sleepy uncle?" The tone had to make Congress alert, and made it more likely to play a more serious role as a check. While a danger is that it may become corrupting, it is not so serious if one considers the alternative. The Tonkin Gulf Resolution is not comity, but deference. On the other hand, we see the problems—with Most Favored Nation status for the Soviet Union, oil, Turkey, exports of nuclear technology—arising from the lack of comity.

Q: Henry Kissinger has said that he would like to deal with Congress, if only some one could tell him who to deal with. My answer was that people in Congress could tell him, were he to ask.

A: I think that's right. Kissinger's relations with Congress are not based on comity, and people who have dealt with him say he doesn't know much about Congress. The Congress doesn't trust him, particularly since he tells different things to different people, and Congressmen talk to each other.

If a President is interested in seriously consulting with Congress, he can find out who to talk to. If a Senator Humphrey were to become President, there would be a most ready opportunity to create a consultative relationship.

Q: How important is talking about policy and organization, if policy has no impact on the budget?

A: That's true of any project. There is a story about a friend of mine who worked in the ABM project office in the Defense Department. They were working on a city-defense ABM system, when McNamara announced that it was an anti-Chinese system. Later on, it became a site defense to protect Minuteman missiles. The Program Director, when asked, professed to be willing to call it an anti-Martian system if that would get it through Congress. The words justifying a system are the easiest things to change. However, justifications are useful, because Congress can be educated, and it creates incentives for rationality in the Defense Department, though the link between forces and justifications will never be very fine.

Q: Getting information around here is a closed shop. On the oil bill all our information was from the oil industry, and on the defense budget all our information was from the defense industry.

A: I agree very much. Congress should have its own group. The Office of Technology Assessment and the General Accounting Office are a help.

But the largest part of the problem is getting information already in the possession of the Executive Branch. On the one hand, most Committees with responsibilities have not generally been interested in getting Executive information. On the other hand, if the Chairman of the Senate Armed Services Committee says "I want this," he is likely to get it that same day.

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MCPL EDUCATION FUND SPEAKER SERIES—TALK TO DR. ZBIGNIEW BRZEZINSKI ON "REFLECTIONS ON THE PREMISES AND PRIORITIES OF AMERICAN FOREIGN POLICY"

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD a summary of the introductory remarks of a discussion meeting on May 19, 1976, when Dr. Zbigniew Brzezinski discussed with Members of Congress and their staffs the question of what should be the premises and priorities of U.S. foreign policy.

Dr. Brzezinski is a well-known authority on international affairs and Soviet studies. He is the Director of the Trilateral Commission, the Director of the Center for the Study of International Change, and is a professor of international affairs at Columbia University. He has been an active scholar and governmental adviser.

Dr. Brzezinski's talk on U.S. foreign policy premises and priorities comes at a time when many of us are reassessing our foreign policy. It is one of a series of talks with leading experts sponsored by the MCPL Education Fund all dealing with the theme "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy.

In response to requests from Members of Congress and the public who desire to study them at length, I have placed summaries of this talk and earlier talks in the RECORD and will put future summaries in the RECORD after various speakers have completed reviewing them for accuracy. The text of Dr. Brzezinski's remarks follows:

REFLECTIONS ON PREMISES AND PRIORITIES IN AMERICAN FOREIGN POLICY

In looking at its international position, the United States confronts the spectre of global isolation, a situation without precedent in our history. For much of our history, the United States, our values, our outlook, and our very existence have been a liberating factor in the world. This has imbued our foreign policy with a compelling force. This has changed dramatically. Now, much of the world sees us as opposing change, obstructing change. Worse, many Americans see the world as being fundamentally hostile to our values.

This is troubling, because a world of emancipated nation-states should not be something threatening to American values. There has, however, been for the public the intellectual attraction of yielding to a simplifying principle such as the Cold War. This principle was often true, but it did not help us to recognize the Sino-Soviet split or the development of polycentrism among Communist states. The new image the public holds is that of a "Hostile World," a coalition of Afro-Asian states allied against us. This image means divorce from global change, it means isolation, and it is wrong.

This philosophical divorce is threatening to us, because in our self-imposed isolation, we may create the very condition that we fear, and thus reduce our capacity to deal with international problems, while at the same time creating an intersection of East-West issues with North-South issues, which is now occurring frequently.

If we don't develop a more differentiated response capability to this intersection, our policies will inevitably fail. Two examples:

The Middle East. It began as a regional conflict between the Arabs and the Israelis, and first escalated into an East-West conflict, and subsequently into a North-South confrontation as well, as the anti-Zionism resolution at the United Nations clearly demonstrated.

Angola. Many of our Angolan errors stemmed from the fact that our policymakers saw it as an East-West conflict, while it was also a North-South conflict. Secretary Kissinger's Lusaka speech was a courageous one, but it should have been made over a year ago.

This intersection of North-South and East-West issues is a serious problem, and in some areas, such as Central America, unless we are both smart and wise, they will in the future present an even more serious problem to us.

This is why we cannot afford a hostile world, which is much of our own making. The Third and Fourth Worlds are differentiated: radicals and moderates, rich and poor. What all of this calls for is a truly massive architectural effort in the field of our foreign relations, on the scale of the one we undertook at the conclusion of World War II. We need a wider international system, responsive to the fact of 4 billion people in the world, and more than 100 independent nation-states. What we did after 1945 was to promote peace, free trade, and an Atlantic-centered alliance. What we need now is more than peace, more than free trade, and more than an Atlantic Community. We have to establish some sort of global equity. There is no conflict between liberty and equity.

In this large scale architectural effort, there are three areas of priority:

1. *Trilateral Co-operation.* We should pull much closer to Japan and Western Europe. These are also the countries that have systems which reflect universal democratic values. Economic and political stability require this strengthening of ties.

2. *Reform of the North-South Relationship.* We must fulfill the promises of the Seventh Special Session of the United Nations General Assembly. This calls for massive efforts by the Congress and the Secretary of State to recognize the needs of Third World states, and to assume responsibility for helping to meet those needs.

3. *Stabilize the East-West Relationship.* Negative public reaction to détente is due to the loss of illusions foisted on the people by the American government. The Russians never deceived us about détente. They always said that there would be mixed cooperation and conflict. We were the ones who were talking about a "generation of peace." The United States and the Soviet Union are separated by differing historical forces, and the conflict will be with us for a long time. That is why it is not a good idea to base our whole foreign policy on détente.

If we succeed in these three areas, then we can expect to have a far more responsive foreign policy. The public is susceptible to simple and direct formulas, but it is the task of leadership to make them understand the nuances. And the public wants interdependence to be articulated to them.

In the past year, there has been a sense of growing public confidence in America; the isolationist point-of-view has not prevailed. There is likely to be public support for U.S. engagement with the rest of the world.

We need to adjust to an interdependent world: the U.S. needs to co-operate rather than confront the rest of the world, particularly in the economic sphere.

If we do not, it may have implications for our society. It would be difficult to sustain the moral fabric of American society if we get engaged in a conflict with states we see as hostile, but which are also poor, suffering, envious, and have established a moral claim of some legitimacy.

In the short run, there is not the slightest doubt that if we move towards a confrontation, we will prevail. But, in the longer run, we will have lost what we are all about. We began as an experiment in freedom, and in certain kinds of values.