S-3394

the aisle. The first amendment would provide——

The PRESIDING OFFICER. May the Chair inquire of the Senator? Does he ask unanimous consent——

Mr. ROBERT C. BYRD. That they be considered en bloc.

Mr. President, I withdraw my request.

Mr. LONG. Mr. President, I would be willing to withdraw my amendment so that the Senator could offer his.

I withdraw my amendment temporarily.

Mr. ROBERT C. BYRD. But Senator HARTKE has the right to the floor. He has unanimous consent that he retain the right to the floor. If the Senator withdraws his amendment, he has the floor and the Senator's amendment is not in.

Mr. President, I withdraw my amendments. Just forget about it.

Mr. LONG. Then I leave my amendment as the pending business.

Mr. ROBERT C. BYRD. Mr. President, I ask that my two amendments be printed and that they meet the reading requirement under rule XXII.

The PRESIDING OFFICER. Without objection, it is so ordered. Senator LONG's amendment is still pending.

Mr. LONG. In view of the fact that this might present a parliamentary problem——

The PRESIDING OFFICER. The Chair understood that the Senator requested to withdraw his amendment.

Mr. LONG. I withdraw the request, Mr. President.

The PRESIDING OFFICER. Very well.

FOREIGN ASSISTANCE ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, on behalf of Mr. FULBRIGHT I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3394.

The PRESIDING OFFICER (Mr. HELMS) laid before the Senate a message from the House of Representatives insisting upon its amendment to the bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBERT C. BYRD. I move that the Senate agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. CHURCH, Mr. SYMINGTON, Mr. HUMPHREY, Mr. AIKEN, Mr. CASE, and Mr. JAVITS conferees on the part of the Senate.

TRADE REFORM ACT OF 1974

The Senate continued with the consideration of the bill (H.R. 10710) to promote the development of an open, nondiscriminatory, and fair world economic system, to stimulate the economic growth of the United States, and for other purposes.

Mr. HARTKE. Mr. President, the world has changed markedly since World War II. So has America's position in the world. These changes must be reflected in our Foreign Trade Policy.

The assumptions of American trade policy after World War II were that America must give blood to restore a bleeding world; and that to do so was in our long-range interest—both economically and politically.

Because we did not wish to see communism take over the chaotic economies of Europe and Japan after World War II, and out of a sense of simple humanity, we decided to give generously to restore those ailing nations. We gave funds; we gave technologies; and we threw our markets open to the products of these other nations. Our immediate objective was to fortify these endangered countries against communism. Our long-range expectation was that these, and other nations, upon recovery would become good customers for America.

We were able to pursue this policy with minimal pain to our own people. The war had wrecked the productive plant of many nations. The United States nominated world manufacture easily. Much of the money we gave away came back to us in the form of purchases of American machinery and commodities.

By the 1960's, however, our role had changed—not because we consciously altered our course but because of a changed world situation. Europe and Japan were no longer weak and bleeding economies about to collapse. The Common Market was on its own; and Japan was reaching well beyond its own. What is more, both the Common Market and Japan viewed themselves as America's prime competitors. While continuing to count on America's market as an outlet, they made it increasingly difficult for America to get into their markets.

Mr. President, certain portions of the Finance Committee report on the trade bill very accurately describe the changes in the United States and world economies since 1960. I should like to quote extensively from those sections. The report states:

> During the early 1960's the U.S. economy itself moved from stagnation to respectable growth without significant inflation. Beginning in 1965 an inflationary trend developed which has grown progressively worse. Inflation in the United States has now reached a level unprecedented in peacetime. . . .
>
> Endemic inflation led to extraordinary balance of trade and payments deficits between 1970 and 1972 which in turn created a massive run against the dollar. After the U.S. could no longer maintain a fixed parity between the dollar and gold, the fixed exchange rate structure collapsed on August 15, 1971. Several dollar devaluations have occurred since that date. By making imports more expensive and exports relatively less expensive, the dollar devaluations contributed significantly to the inflationary pressures in the economy, creating shortages of raw materials and leading to the imposition of export controls on these products for which the U.S. enjoys its largest comparative advantage (e.g., soybeans).
>
> As the U.S. economy underwent significant internal changes during the 1960's and early 1970's, the U.S. economic pre-eminence in the world economy declined relative to western Europe and Japan. The European Community, born in 1958 in the Treaty of Rome, has become the world's largest trading bloc, with exports and imports now exceeding three hundred billion dollars. The community's share of world GNP, world trade and world reserve assets has grown markedly since the 1960's, and this trend has accelerated in the 1970's.
>
> The growth of the Japanese economy has outstripped even that of the European community. Real growth in Japan grew at the phenomenal rate of 10.5 percent a year for the period of 1960 through 1972, as compared with 5.0 percent in Italy, 4.5 percent in West Germany, 4.1 percent in the United States, and 2.7 percent in the United Kingdom. By almost every economic indicator of growth Japan has been the world leader. In terms of military or tax burdens, however, Japan is at the bottom of the list. The Achilles Heel of the Japanese economy—the overwhelming dependence of Japan on foreign oil—has interrupted Japan's record of remarkable economic growth.
>
> Less-developed countries (LDC's) as a whole progressed fairly well during the 1960's in terms of their economic growth and their balances of trade and payments performance. Between 1960 and 1972, real economic growth in the LDC's averaged over the 5 percent goal set for the 'decade of development'. By the fall of 1973, these countries had accumulated $40.6 billion in international reserve assets compared to $10 billion in 1960. By the end of this year the international reserve assets of 'LDC's' may exceed $100 billion.
>
> These overall figures, however, mask wide divergence in performance. Oil-producing 'LDC's' are holding western economies at bay through massive price increases. Other LDC's also possessing important natural deposits have been attempting to form their own producers' cartels to obtain a maximum rate of return on their resources. Those LDSC's without such strategic resources are facing financial collapse.

The finance committee report gives recognition to the changing, role of the United States in the world economy and the deterioration of the U.S. balance of payments as follows:

> The Value of World Exports increased from $129.6 billion in 1960 to $575 billion in 1973. Normally, such a four-fold increase would suggest a growing world interdependence and a more efficient utilization of world resources. Unfortunately, however, much of the increasing volume of trade was attributable to inflation and occurred within preferential and discriminatory trading arrangements. For example, among the contracting parties to the general agreement on tariffs and trade (the GATT)—despite their pledge of nondiscrimination as a fundamental principle for achieving trade liberalization—the proportion of imports entering at preferential rates increased from ten percent in 1955 twenty-five percent in 1970, and the proportion will grow significantly with the enlargement of the European Community.
>
> One result of discriminatory trade practices has been a decline in the U.S. share of world trade. While the value of free world exports more than quadrupled between 1960 and 1973, the U.S. share underwent a steady decline from 15.9 percent in 1960, to 14.6 percent in 1965, and to 12.4 percent in 1973. . . .
>
> The performance of the United States in the world economy throughout much of the postwar period has been marked by persistent trade and payments deficits . . . measured on the most accurate and meaningful basis, which would include the cost of insurance and freight in the value of our imports and exclude the soft-currency and

other Foreign-aid-financed shipments from the value of our exports, our trade account has been in deficit since 1966. In 1974, our trade deficit, measured on a C.I.F. basis, is running at an annual rate of almost $12 billion. These recent trade deficits have accounted for over one-half of our overall pyaments deficits. . . .

Government expenditures abroad have also been a large contribtuor to the deficits in our international accounts. Between 1950 and 1973 net Government expenditures for both military and economic aid caused a drain of $141.9 billion in our overall international accounts . . . which is about equal to the growth in foreign country monetary reserve assets over this period."

The report goes on to state:

For many years this country relied on a trade surplus to offset foreign aid, military expenditures abroad, as well as overseas private investment. That surplus, which was never large enough to offset such expenditures, has now disappeared. In 1962, the nation had a modest trade surplus of approximately $1.1 billion (C.I.F.) and a balance of payments deficit of $2.9 billion (liquidity basis). Ten years later the modest trade surplus had become an $11 billion deficit, and the payments deficit had grown from a bearable $2.9 billion to an intolerable $13.9 billion. Not surprisingly, the dollar had become unwelcome in many of the capitals of the world and underwent a series of devaluations.

In 1973 there was a temporary improvement in U.S. payments and trade balances (largely attributable to grain exports to the Soviet Union which many believe contributed importantly to the 8.8 percent inflation of 1973. Hopes for achieving a reasonable balance in our international accounts this year have been dashed by mounting deficits attributable to the increased costs of oil imports. In 1974, the United States will spend approximately $27 billion on oil imports; by the year's end, the nation's trade deficit (C.I.F) will be well over $10 billion.

Throughout the postwar years, the United States has, in effect, premised much of its trade, aid, and monetary policies upon a balance of trade surplus which, in fact, was diminishing and by 1966 had disappeared altogether.

Mr. President, in the postwar years, the United States has been the only major country in the world whose share of world exports has decreased while its share of world imports has increased. In the space of a mere half dozen years—1964 to 1970—the U.S. share of world exports fell by more than 11 percent while its share of imports rose by more than 17 percent.

This unfavorable trade balance is especially marked in manufacturing, the economic sector of most immediate and intimate concern to American labor. The U.S. share of world exports of manufactured products has fallen from 27 percent in 1958, to 21 percent in 1970, to 19 percent in 1971; a decline of almost 30 percent in a dozen years.

Few American-made items can withstand the pressure. In the 1950's, only about 30 percent to 40 percent of the imports were comparable with U.S. products. Now, about three-quarters of the imports compete with U.S. items, according to the U.S. Depart of Labor.

In a number of industries there has been an absolute loss of jobs—fewer workers today than a few years ago. In women's apparel alone, the number of workers declined absolutely by more than 40,000 between 1956 and 1971. In electronics, there was a loss of 109,000 jobs between 1966 and 1972, according to Labor Department figures. In shoe manufacture, jobs declined from 233,000 to about 200,000 in the past 5 years.

While the figures on job loss reveal part of the problem, they tend—by their impersonality—to conceal the human dimensions of the tragedy. The people employed in labor-intensive industries—the hardest hit—tend to be drawn largely from the Nation's marginal populations: black, Hispanic, poor white, recent immigrant. To these people, the labor-intensive industry—with its openings for unskilled and semiskilled labor—was the gateway to the economy. As these plants collapse, the hopes of these people collapse.

The Finance Committee report calls attention to the relationship between foreign trade and domestic jobs as follows:

In recent years, the United States has experienced a series of trade and payments deficits, several dollar devaluations, and a rate of inflation unprecedented in peacetime. The Nation's economy has continued its long, slow drift away from labor intensive industries, and toward service industries. Especially significant has been the shift in the structure of U.S. employment . . . In 1960, nearly one-third of our U.S. nonagricultural employment was in manufacturing. Since 1960, however, manufacturing employment has declined steadily to a position were barely one in four workers is gainfully employed in manufacturing. . . .

As our Nation's employment in manufacturing has declined relatively, its trade balance in manufacturing has declined absolutely. In 1960 the United States had a trade surplus in manufactured goods of $5.2 billion. By 1973 we had a deficit of $3.4 billion. . . . In contrast, West Germany also had a surplus of $5.9 billion in 1960, but by 1973 that surplus had burgeoned to $28.7 billion, and Japan's modest surplus of $2.6 billion in 1960 also exploded into a $23.3 billion surplus by 1973.

Mr. President, in addition to reviewing the dramatic changes in the United States and world economies since World War II, calling attention to the deteriorating U.S. balance of payments, and noting the relationship between foreign trade and domestic employment, the Finance Committee report documents the dismal failure of recent U.S. foreign trade policy as follows:

U.S. trade policy has not been noted for its coherence or consistency. Throughout most of the postwar era, U.S. trade policy has been the orphan of U.S. foreign policy. Too often the executive has granted trade concessions to accomplish political objectives. Rather than conducting U.S. international economic relations on sound economic and commercial principles, the executive has used trade and monetary policy in a foreign aid context. An example has been the executive's unwillingness to enforce U.S. trade statutes in response to foreign unfair trade practices. By pursuing a soft trade policy, by refusing to strike swiftly and surely at foreign unfair trade practices, the executive has actually fostered the proliferation of barriers to international commerce. The result of this misguided policy has been to permit and even to encourage discriminatory trading arrangements among trading nations.

The report goes on to state:

Twelve years have passed since the Congress enacted the Trade Expansion Act of 1962. A great amount of international economic history has occurred in the intervening years. In the opinion of the committee, much of that history has been unfavorable to this country, largely because of the antiquated rules of the international trade and monetary systems and the related lack of genuine cooperation and reciprocity in international economic relations.

The Kennedy round of trade negotiations brought about some of the largest tariff reductions in the history of the United States. Unfortunately, the Kennedy round did not remedy fundamental inequities in the world trading system. There was no reform of the institutional structure, nor was there any significant progress in dealing with nontariff barriers or distortions of international trade. Our trading partners, most notably the European community, devised new ways to pursue protectionism, particularly in agriculture.

Mr. President, despite this insightful analysis of the important changes in the world economy and of the role the United States plays in that economy, despite the worsening situation documented in the U.S. balance of payments, despite the relationship cited between U.S. foreign trade and jobs, and despite this lucid indictment of recent U.S. foreign trade policy and practice; the committee report calls for enactment of the Trade Reform Act.

Mr. President, I come to a different conclusion. I say it is time the United States based its foreign trade policies on the realities of the 1970's rather than the fictions of the 1960's. This bill does not represent a departure from past U.S. trade policies. It is merely a warmed-over version of U.S. policies during the 1960's. A warmed-over version of trade policies which did not achieve their goals during the last decade, and certainly will not achieve their goals during the present decade.

My colleague, Representative JAMES BURKE of Massachusetts, accurately characterized this bill and the U.S. trade situation on the floor of the House of Representatives on December 7, 1973, when he stated:

This is not a bill for the seventies, but a patched-up version of the trade expansion act of 1962 and other statutes. The bill ignores the changes of the 1960's, when the United States became a net importer of many manufactured products and parts of products. The bill ignores the changes of the 1970's when the United States found itself with more imports than exports—a $6.4 billion deficit in trade in 1972. In 1972, imports rose even more rapidly than in 1971—up 21.9 percent. In the first 6 months of 1973, imports shot up even faster, especially from the lowest wage countries of the world. Yet this bill would merely encourage more imports of manufactured products and parts of manufactured products. The United States suddenly finds it necessary to bid for raw materials and energy supplies.

The United States now imports the automobiles, steel, radios, and TV sets it once sent to the rest of the world. Shoe imports and textile and apparel imports have been joined by inrushes of computer parts, calculators, aircraft engines, and parts, as well as other product lines. This change has eroded America's industrial strength and added costs to the economy in lost jobs and production of parts and whole products in almost every kind of manufacturing, from apparel to aerospace. These and other losses endanger service employment and the tax base of American communities and the American economy.

They may be squatting all day in their rags waiting in front of a government rationing shop.

There isn't enough food for everyone, so the government divides evenly among them, two pounds of wheat for each person every 15 days.

Even when they know they will not get any food, they come anyway, seven days a week, arriving before sunrise to sit and wait until dusk. There is nothing else to do.

MERITS AND DEFICIENCIES OF THE FOREIGN ASSISTANCE ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 10 minutes.

Mr. DRINAN. Mr. Speaker, it was with reluctance that I joined with a narrow plurality of the House yesterday in supporting the final passage of H.R. 17234, the Foreign Assistance Act of 1974. While I believe that the American foreign aid program has played an important part in the preservation of world peace and in the welfare of developing nations over the past few decades, I have long been troubled by the amount of military aid provided to governments which deprive their own citizens of fundamental human freedoms. Moreover, in recent years, the executive branch has abused the foreign aid program by transferring funds appriated for worldwide economic and nutritive assistance to supplement military aid to South Vietnam and Cambodia. These flaws cannot be ignored in evaluating the overall impact of American foreign aid.

On balance, however, I believe that the merits of the Foreign Assistance Act enacted yesterday outweigh its deficiencies. This legislation, which authorizes approximately $2.5 billion in economic and military aid for fiscal 1975, will enable the United States to meet its commitment to bring a lasting peace to the Middle East and to help alleviate the food shortages which imperil many of the world's developing nations. Moreover, the bill contains a number of important provisions which strengthen congressional control over the expenditure of foreign assistance funds by the executive branch. In composing this legislation, the Foreign Affairs Committee took the first tentative steps toward reducing military aid to undemocratic, repressive governments. Finally, amendments added on the floor yesterday cutting off aid to Turkey and reducing assistance to South Korea and Cambodia helped to meet my chief objections to the bill.

THE MIDDLE EAST PACKAGE

Probably the single most important component of the Foreign Assistance Act is the so-called Middle East package which authorizes slightly over $1 billion in military aid and security support assistance for Israel, Egypt, and Jordan. In addition, a special requirement fund of $100 million is established for use by the President at his discretion, with the consent of Congress, in helping to bring peace to the Middle East.

The $550 million in the bill authorized for military and economic assistance to Israel is vital for the security of that small nation which faces such a tremendous burden in paying off debts incurred during the October war and rebuilding its defense establishment. As the committee points out in its report, the United States can maximize its influence in bringing peace to this troubled area by providing assistance to those Arab nations which must join with Israel in negotiating a lasting settlement. For that reason, the bill contains authorizations for aid to Egypt and Jordan, along with a discretionary special requirement fund.

It is important to note that none of the funds authorized by this legislation are earmarked for the oil-producing nations which have reaped an enormous windfall at our expense during the past year. I am also gratified that the bill prohibits the use of foreign aid funds for the construction of nuclear powerplants in the Middle East in fulfillment of agreements negotiated by former President Nixon earlier this year. I have previously joined with many other Members of Congress in expressing strong disapproval of injecting nuclear technology into this volatile area of the world. On the whole, the Middle East package appears to constitute a responsible and constructive approach to our sincere efforts to bring a just and lasting peace to the Middle East.

HUMANITARIAN ASSISTANCE

The Foreign Assistance Act contains an authorization of $470 million for food and nutritive assistance vitally needed by the world's underdeveloped nations. In addition, $150 million is authorized for population planning programs, crucial to the formulation of a long-range solution to the world food problem. As famine threatens to bring widespread starvation to parts of Africa, Latin America, and South Asia, the United States must not shirk its responsibility, as the world's largest food producer, to provide immediate help.

AID TO AUTOCRATIC GOVERNMENTS A SERIOUS DRAWBACK

The section of the bill which troubles me greatly is the authorization of more than $1 billion in military assistance for countries under repressive, authoritarian rule. As a symbol of democracy and human liberty to much of the world, the United States should not be spending the taxpayers' money to support dictatorships in nations such as Brazil, Bolivia, Tunisia, Spain, the Philippines, South Korea, Cambodia, and South Vietnam.

The Foreign Assistance Act passed yesterday did contain some important limitations on aid to governments whose domestic policies are inimical to our own. The Foreign Affairs Committee eliminated nearly all proposed military aid to Chile and placed a ceiling on military aid to South Korea. Amendments adopted on the floor of the House placed a more restrictive limit on authorized assistance for South Korea and a strict limit of $377 million on all aid to Cambodia. Although this level of assistance to Cambodia is still excessive, in my view, it is only half of the amount requested by the administration. I was pleased to join with a large majority of my colleagues in adopting an amendment reaffirming our commitment to cut off all military aid to Turkey until that nation ceases its aggression on Cyprus.

The House signalled its intention to move more decisively in the future against continued aid to repressive governments by including a provision expressing the sense of Congress "that, except in extraordinary circumstances, the President shall substantially reduce or terminate security assistance to any government which engages in a consistent pattern of gross violations of internationally recognized human rights. . . ." I deeply hope that this verbal commitment will be translated into an intensive review of the domestic policies of our aid recipients with the aim of eliminating aid to those governments which refuse to respect fundamental human rights.

IMPORTANT ASSERTION OF CONGRESSIONAL PREROGATIVES IN FOREIGN AFFAIRS

The provisions of this bill expanding congressional oversight of executive branch expenditures related to foreign assistance have great implications for the reassertion of proper congressional prerogatives in the field of foreign affairs. In fiscal 1974, the United States sold more than $5.9 billion in arms and military goods to foreign nations. These sales were arranged and sanctioned by the executive branch without so much as advance notice provided to Congress. Since the sale of arms has become an important component of American foreign policy, it is vital that Congress, as the elected representatives of the people, have full knowledge of such sales along with the power to disapprove them. The Foreign Assistance Act passed yesterday requires the President to report major arms sales to Congress in a timely fashion and empowers Congress to veto such sales by concurrent resolution.

The legislation prohibits the use of funds by the Central Intelligence Agency for activities in foreign countries other than intelligence-gathering, unless the President certifies that an operation of another sort is important to the national security and describes the nature and scope of that operation in writing to the appropriate committees of the Congress. Although I believe this provision is deficient in its failure to permit a congressional veto of a proposed CIA action in advance, it constitutes a significant step toward effective congressional oversight of the CIA.

Finally, this legislation tightens up several loopholes in the Foreign Assistance Act of 1961 which have enabled the executive branch to circumvent the intent of Congress. Military goods categorized as "excess" by the Defense Department can no longer be given away without limitation by the President at his discretion. Rather, the value of such goods must be calculated and counted against the amount of military aid for a designated country appropriated by Congress. In addition, the bill restricts the President's power to reallocate funds from economic to military aid and to transfer funds earmarked for one country to a different country at his discretion. All of these provisions serve to enhance congressional control of the foreign aid program.

CONCLUSION

The Foreign Assistance Act passed by the House yesterday is far from a perfect piece of legislation. I remain deeply troubled over hundreds of millions of dollars which will help more than 30 tyrannical governments continue to subjugate their people. But I believe that the positive attributes of this legislation outweigh that serious drawback. Moreover, the bill takes important steps toward reducing our support of governments inimical to our own principles of free expression and self-government. Finally, the alternative to the new Foreign Assistance Act of 1974, a continuing resolution which would maintain all aid programs at their current levels, would contain fewer limitations on aid to Cambodia, South Korea, and Turkey, and would include none of the important reform provisions of H.R. 17234 described above. For all of these reasons, I cast my vote in favor of the Foreign Assistance Act of 1974 on December 11, 1974.

GOLD FEVER—VI

The SPEAKER (pro tempore). Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, come the stroke of midnight, December 31, the gold rush of 1974 will begin, unless Congress changes the law with respect to private gold hoarding.

The Treasury says that this is possible because gold has nothing to do with the monetary system any more. Maybe so. But the chairman of the Federal Reserve Board tells us that gold is still very much a part of the international monetary scene. The fact is that despite Secretary Simon's protestations to the contrary, the place of gold in the monetary world is still very much open to question. It might not be an active element—but it is still there, a question mark.

The Treasury insists that selling off some of the Treasury gold stock will convince the world that gold is a useless relic, as far as money goes, and that indeed, it is just another commodity. But he knows that this is not so. It will be a long time before the role of gold ends in monetary systems. It may be vestigial, like the human appendix—but it is there, nevertheless. And like the human appendix gold can still cause the best laid plans to go astray.

It is possible that contrary to Mr. Simon's belief, the Treasury gold sale wil not convince people that gold has nothing to do with money. It may have the opposite effect. And certainly the conservative Swiss are in no hurry to open up their vaults and sell gold to the public—nor the Germans, nor the Russians, nor the French. Not even South Africa, which is swimming in gold, is about to auction off any bullion.

The truth of the matter is that Secretary Simon needs something to feed the gold bugs, and Treasury gold is about the only thing there is to do it with, without turning to foreign markets, which is something that we can ill afford to do these days. So ironically enough, the gold bugs will soon be munching away at what they like to think of as the Nation's monetary lifeblood.

So be it. The Treasury will make a few hundred million dollars off the deal, and save our balance of payments a good amount of unfavorable treatment. But the truth is that the Treasury cannot sell very much of its gold—not because they would not like to—but because in truth, gold is still hanging around in the monetary system, and is not a surplus commodity.

Into this paradoxical world of gold will enter thousands of people who believe in the religion of gold. And they will buy. The trouble is that many of them will buy in blind faith.

You know, in the old days when gold coins circulated, people who accepted gold coins would test them, to be sure that the coins were real. But in the modern gold market, many innocent sheep will forget to bite their coins, and they will live to be sorry.

Hucksters are pushing the gold myth as hard as they can. They are stirring up the fears of people, and promising safe haven in gold. But many of these hucksters are going to be selling lead; many are going to be selling 14 karat gold and calling it pure; and many are going to be selling old-fashioned hot air. All of this has happened already in the coin market, which is deluged with counterfeits and fakes. And gold bullion is much easier to counterfeit or adulterate than coins ever were.

The commissioner of corporations in the State of California has dealt with gold bugs and gold buggery as much as anyone else in the country. In his State, the coin market runs into the billions of dollars. In that market, just about every kind of fraud imaginable to the mind of man exists. There are simple problems like price gouging—and there are outright criminal schemes.

The California Commissioner of Corporations knows the kind of dangers that exist for the unwary in the gold market. He has investigated dozens of cases. And he joins me in calling for a delay in the legalization of private hoarding. Here is what he says:

DEPARTMENT OF CORPORATIONS,
Los Angeles, Calif., December 4, 1974.

Re: Gold Ownership.

Hon. HENRY B. GONZALEZ,
Representative from Texas, House Office Building, Washington, D.C.

DEAR MR. GONZALEZ: I read with interest the newspaper article relating to your legislative efforts to delay the repeal of the gold ownership ban for six months.

I share your concern about ending the ban without prior adequate controls over the new gold market.

The California Commodity Law became effective in September of 1973. This state legislation was adopted in an effort to control the sale of commodity options on unregulated commodities, as well as, to require companies engaged in the sale of silver or gold coins, or silver bullion to become licensed in California unless exempt. The major regulatory problems the Department has experienced under the state commodity law are problems relating to the sale of gold and silver coins and silver bullion. We have experienced situations in which the sellers of precious metals purported to sell metals to customers for delivery and then used the money advanced to speculate in the futures market in a short position. We have had other instances of dealers taking money for present delivery of precious metals and then using that money to acquire mining properties, and never being able to perform their contractual commitments.

We have had numerous complaints relating to abuses in the pricing mechanisms used by dealers in selling coins and bullion where the prices charged above spot were so high as to effectively inhibit any profit accruing to a customer absent a major shift in the price of the commodity. The scare tactics used by people in this industry in relation to promoting a depression syndrome, and discounting the stability of the United States currency has led to issuance of orders prohibiting misleading advertisting. We have received a large number of customers' complaints whose position on future delivery contracts was subsequently wiped out by margin calls where they were without adequate funds to meet those margin calls because of overextending themselves. We have issued numbers of desist and refrain orders to companies who were operating in noncompliance with the state commodity law.

There are, of course, significant considerations that a person should weigh before he decides to invest in precious metals, such as gold, in lieu of investments where there is interest income on their savings.

The multitude of problems we have experienced in the area of precious metals has led to almost a constant revision of the regulations adopted under the California Commodity Law so as to effectively deal with the problems in the area and to attempt to give reasonable assurance as to the ability of sellers of precious metals to deliver the commodity the customer has purchased.

The danger to the investing public in this area is such that I believe that it is an absolute necessity to have the power to regulate this market effectively implemented prior to the time that public ownership of gold becomes a reality.

Yours very truly,

ROBERT L. TOMS,
Commissioner of Corporations.

Mr. Speaker, we have a duty to do. We have a duty to protect innocent people. We have a duty to protect our economy—our economy does not need strains on its balance of payments; our economy does not need people taking out funds to put into useless gold schemes. We need to use our money to build up the country's productive capacity, not to gamble away in a market that is controlled by foreign governments and a few shrewd big dealers.

There is no need to rush into this gold business. We can wait, long enough to explore the problems, and deal with them now, rather than later. Congress has been careless. Everybody will pay the price of that carelessness, unless we act to delay the legalization of private gold hoarding.

DEFEAT OF TAX BILL BY COMMITTEE ON RULES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MURPHY) is recognized for 5 minutes.

Mr. MURPHY of Illinois. Mr. Speaker, as a Member of the House Rules Committee I was deeply disappointed and shocked that the committee failed to report out the Energy Tax and Individual Relief Act, H.R. 17488. The committee voted 9 to 4 to defeat this tax bill because

FOREIGN ASSISTANCE ACT OF 1974

SPEECH OF

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 17234) to amend the Foreign Assistance Act of 1961, and for other purposes.

Mr. HAMILTON. Mr. Chairman, the amendment of the gentleman from Iowa strikes out all funds in the bill for India. The executive branch had recommended a figure of $75 million for India and the committee recommends $50 million.

I am rising in opposition to the amendment and I hope very much that the House will not see fit to cut out all funds for India. We have been laying the groundwork for a more mature relationship and a new economic relationship with India in recent years. It would serve no useful purpose at this time to cut the limited number of dollars that we have in this bill for India. India is the largest and the most powerful nation in the subcontinent and also happens to be the largest democracy in the world. The Prime Minister of India has made it very clear that her country needs this outside assistance.

For the United States at this point to cut off all aid to India would not affect India's nuclear program in any way and it would serve no real useful purpose.

Beyond that, we lose any leverage that we might have with India in trying to help her to restrain development of nuclear weapons.

There has been no significant transfer of economic resources by India from domestic purposes to nuclear explosions. India has an overall budget of about $60 billion and the total cost of the nuclear explosion was about $10 million. That is about one-tenth of 1 percent of India's budget.

I think a move by the Congress to cut off all aid to India would have an adverse effect on our relationship with India, and I strongly urge my colleagues to disapprove of this amendment.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I want to thank the gentleman for his comments. I share his view and I hope the committee will support the emolument as provided in the bill. India is not only the largest democracy in the world—that statement is an accurate one—but it also happens to be one of the few surviving democracies in that region of the world.

I think it would be a serious mistake for us to lose the leverage we do have by means of this money and to turn our back on some very essential investments that the taxpayers of this Nation have made in India over the years. To close the door on communications by means of this program at this juncture, I think, would be very imprudent.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. Mr. Chairman, I too would like to rise in opposition to this amendment, and to remind my colleagues that India has about 600 million people. Its per capita income is about $100 or $102.

The assistance, if it is to be provided—and I hope it will—is very modest for a country of that size. It is being used primarily for food and nutrition. If there is a likelihood of famine in any country, I would guess that it would be India.

It seems to me that for humanitarian reasons alone it would be very wise to provide this assistance. I think also that the political relationship has improved very definitely, and it would be a signal that we would like to continue on that course.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I would like to ask a question. The gentleman from Iowa who offered this amendment talked about saving cattle. Can the gentleman tell me the number of cattle in India?

Mr. HAMILTON. I am afraid I cannot give the gentleman the number of cattle in India today.

Mr. SYMMS. From the information I have, they have somewhere around 30 million head of cattle in India. We should try to make better utilization of those cattle. Do we have any inhibitions in that area?

Mr. HAMILTON. No, we do not have inhibitions, but India does. This is a modest amount we are providing for India in the bill. It is only $50 million and it is directed at precisely the right area of the Indian economy, which is to increase food production. We cannot change their religious standards and mores.

Mr. SYMMS. If the gentleman will yield further, I will say that in Indiana $50 million would be a modest amount, but in Iowa $50 million will go a long ways, and we do not have sacred cows, sacred monkeys, and sacred rats.

Mr. HAMILTON. The United States has a strong interest in peace, stability, and economic development in the subcontinent. We have had enough experience with the underdeveloped countries to know that whenever instability arises in any part of the world, the United States is brought into it. We are simply signaling India by these limited funds that we are interested in its problems and we want to help them out, and we stand with them in their desire for economic development.

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. HAMILTON. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I thank the gentleman for yielding to me. I think the gentleman from Indiana made a good case against this amendment, and I would like to associate myself with him.

MISSION OF MERCY FORGOTTEN

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. DERWINSKI. Mr. Speaker, the perspective section of the Chicago Tribune on Monday, December 9, carried an article entitled, "Mission of Mercy Forgotten," by Henry C. Wolfe, who served on the American Relief Administration mission to the Soviet Union in 1921.

I believe this article to be totally accurate, objective and a historic summary which is extremely pertinent in light of today's international situation.

I do not believe that we can actually think that détente with the Soviet Union has come about as a result of a sudden change of foreign policy goals. We face a great danger by being lulled into a false feeling of security to the propaganda use of the so-called period of détente.

Anyone who takes a good look at the situations in Cambodia, South Vietnam, South Korea, and the Middle East would have to wonder if Secretary Kissinger is inhabiting another glow as he flits about repeating the clichés of détente.

The article follows:

NONHAPPENING IN RUSSIA: MISSION OF MERCY FORGOTTEN

(By Henry C. Wolfe)

Alexander Solzhenitsyn is a towering world figure, both as a writer and as a man. His courage and honesty are widely recognized.

In "The Gulag Archipelago" he describes the catastrophic famine of 1921–22 as "such a famine as even Russia had never known before . . ." when "parents ate their own children. . . ." He says nothing, however, about the American Relief Administration (ARA) that stopped the famine and ended the concomitant epidemics.

Why did so honest and well-informed a man fail to mention the ARA? The probable answer is that he knows nothing about the ARA and its work.

The Kremlin, he points out, gives the famine "only two lines in the official histories." Moreover, he was an infant when the ARA finished its mercy mission in Russia.

Today, in all likelihood, only a few of the older Russians would remember the work of the ARA. It is probable that even fewer Americans do.

Yet Sir Philip Gibbs, an on-the-spot observer, wrote of the ARA's work: "History will record it as the greatest campaign of relief and international charity ever attempted or achieved." This is the story.

In 1921 the ARA was headed by Herbert Hoover, then secretary of Commerce. Since World War I, the organization, supported by large numbers of individual contributions, had been feeding millions of children in Europe. Its sole objective was to save lives and relieve suffering. Hoover's proffers of aid to Russian children had been rebuffed.

On July 23, 1921, a dramatic call for help appeared in the world press. Maxim Gorky, speaking for the Soviet government, revealed the starvation that was rampant among the Russians. "I ask all honest European and American people for prompt aid to the Russian people. Send bread and medicine."

That day Hoover cabled an offer of help, and quickly sent representatives to meet with a Soviet delegation in Riga. An agreement was reached. A few days later an ARA advance party arrived in Moscow.

As the Americans spread out over the

famine area, they found the dying and dead everywhere. Famished dogs fought over half-eaten corpses. There was cannibalism. Hordes of panic-stricken peasants fled their doomed villages to die in the hungry cities. With them traveled typhoid, cholera, smallpox, and typhus.

In reaching the famine victims the ARA encountered immense problems. The dreaded Russian winter was approaching; the transportation system was near collapse. Long distances separated the ports from the great black-earth Volga region where the famine was most devastating.

At peak the ARA distributed daily food rations to 4,173,339 children and 6,317,958 adults. Additionally, the Russians received 1,300 complete surgical operating sets, 377 kinds of medicines, enormous quantities of soap, blankets, clothes, disinfectants, and cod-liver oil.

Speaking at the Kremlin's farewell banquet given in July, 1923, for the ARA staff, Lev Kamenev paid tribute to the "utterly unselfish efforts of the ARA." He declared that the ARA had saved millions of lives, "entire districts and even cities."

The Russian people, he pledged, "will never forget the help given them by the American people."

Stalin and his successors have made sure that the Russian people have never heard of that help. This experience may have a bearing on how much faith we can put in détente.

IN OPPOSITION TO S. 1868, TO AMEND THE UNITED NATIONS PARTICIPATION ACT TO HALT THE IMPORTATION OF RHODESIAN CHROME

HON. WILLIAM H. HUDNUT III

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. HUDNUT. Mr. Speaker, the bill, S. 1868, which would once again stop the importation of Rhodesian chrome into the United States, is on the House calendar and may be considered this week. I am strongly opposed to this legislation and hope it will be defeated.

In these inflationary times there is no satisfactory reason for arbitrarily reducing the supply available to the U.S. consumer of an important industrial raw material—particularly since the main beneficiary of this act would be the Soviet Union. During the sanctions against Rhodesia the Soviet Union was our principal source of high quality chromite. It took advantage of our dependence upon it in two respects: First, the quality of the ore exported to the United States steadily deteriorated; and second, Russian prices drastically increased. From $35.75 per short ton in 1965 the price steadily increased to $68.45 in 1972 and then fell back to $51.73 per ton in 1973 when sanctions were lifted.

American consumers have a greater interest than ever in the continued availability of chrome. For instance, in order to meet air quality standards, new automobiles use catalytic converters made of stainless steel of which chrome is a basic ingredient. Rhodesia is a country which poses no threat—real or potential—to our security. On the other hand, the Soviet Union is a potential adversary. At the beginning of the Korean war, the Soviets cut off shipments of chrome to us. Obviously it is unwise to rely upon sources in the Soviet Union in any period of crisis.

Therefore, from both an economic and security standpoint, the passage of S. 1868 would be very unwise.

THE FOREIGN INFLUENCE AND OUR BOOKS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. GAYDOS. Mr. Speaker, the marked influence which the book publisher has on the public mind stems, as all those acquainted with the business agree, from two sources. First, he selects the books to be published, and second, he promotes their sale.

It may be in the interest of the Nation to keep these matters in mind as we assess the latest major development in the book trade. It is the agreement by American Financial Corp. of Cincinnati to sell Bantam Books, Inc. to a Luxembourg holding company associated with the mighty Fiat interests in Western Europe. The deal is to be completed on December 20.

Bantam happens to be one of the biggest paperback publishers in our country, the source of millions of volumes which find their way onto newsstands, into homes and libraries, and into school classrooms where they have a tremendous impact on popular thought.

This agreed upon sale, therefore, means that these millions of books, no matter what changes or lack of changes may be made in Bantam's editorial staff, will be selected and pushed in accordance with the instincts and, indeed, desires of the controlling foreign interests.

I, as a Congressman, cannot let this happen without bringing to attention these facts, and, also, the danger to us as a nation which could me involved in them. The Bantam sale will turnover to the Western European owners an instrument of great force in the producing of the ongoing American public opinion.

Can Bantam, therefore, be relied upon, under alien ownership, to pick and push books written exclusively in the U.S. interest? Will it lend its immense power to pro-American causes inimical to what may be the advantage held by its new overseas proprietors? What effect on once independent American thought may the Fiat people and the publishing decisions they dictate come to have in the years ahead? I consider these questions warranting our consideration.

I am aware of the internationalism which has prevailed for some time in the publishing business—how American-published books have wide distribution in Europe and, in fact, all over the world and how foreign books are sold in translation in large numbers here. But this certainly is a matter far different from that created by the Bantam sale, which has a foreign ownership moving directly into the American publishing industry, taking over a major source of information to the reading public.

PROPOSES EXPANSION FOR MAILING PRIVILEGES

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 12, 1974

Mr. FORD. Mr. Speaker, I am introducing legislation today to extend preferred second-class postal rates to conservation magazines published by State agencies. This legislation would merely extend the same mailing privileges to State conservation agencies which are presently available to other State agencies.

Since postal legislation in this area was last considered by Congress, there has occured a dramatic surge of popular concern for and interest in the quality of the environment, conservation of fish and wildlife, and appreciation of our natural resources. These popular attitudes have been reflected also in the significant increase of interest in outdoor recreation including hunting, fishing, backpacking, and nature study.

Forty-three State conservation agencies now publish magazines which reflect and nurture this interest. These publications play a key role in educating citizens to the conservation ethic.

Mr. Speaker, under existing law, State conservation magazines are mailed at the same rate utilized by commercial magazines. Unlike their commercial counterparts, however, these magazines are, almost without exception, published without the benefit of advertising revenue, and the burden of postage constitutes a drain on the fish and game fund which represents revenues available from hunter's and angler's license sales.

In 1951 Congress extended preferred rates for certain second-class and third-class mail when mailed by qualified nonprofit organizations including "religious, educational, scientific, philanthropic, agricultural, labor, veterans or fraternal organizations not organized for profit." From the outset the Post Office Department interpreted this provision as not extending the special rates to second-class mail when mailed by governmental bodies.

In 1962 Congress amended the definition of "qualified nonprofit organizations" eligible for preferred second class rates to include "one publication published by the official highway agency of a State."

Again, in 1967 Congress amended the definition of "qualified nonprofit organization" to include a "development agency of a State."

All my legislation proposes to do is to amend the definition of "qualified nonprofit organization" to include "one conservation publication published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State."

Mr. Speaker, the increased national interest in fish and wildlife conservation is extremely gratifying. At the same time, however, it has generated demands on State agencies to mount new programs aimed at restoring threatened and endangered species as well as developing conservation programs for nongame