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gives the greatest pollution abatement per dollar of cost—both public and private. And the effects of any system of incentives or disincentives must be evaluated in terms of the alternatives—one of which is to rely only on regulation, letting the costs be borne in the end by consumers rather than taxpayers. This, interestingly enough, is the conclusion of a recent editorial in *Fortune Magazine*.

Until our studies are farther along, I do not wish to suggest any conclusion other than the general one I have already proposed: It is not sufficient merely to show that a tax incentive may contribute to pollution abatement. Rather, it must be shown that it is the most simple, efficient, and equitable method. That showing has not yet been made.

#### MANPOWER TRAINING

It is now generally agreed that expanded programs of manpower training are essential to improve the skills and productivity of the labor force generally, and thus to speed our economic growth; to increase the employability of disadvantaged workers, in the interest both of increased production and of increased equity; to re-employ workers displaced by technological change; and to alleviate skill shortages and prevent inflationary bottlenecks.

Because the economic and social importance of manpower training and the need for its Federal support are now so widely recognized, it is inevitable that a number of proposals have been made to provide tax credits for manpower training.

These proposals generally call for a 7 to 10% tax credit to employers for the expenses of private employee training programs. It is estimated that a 10% credit would cost the Federal Government about \$200-300 million a year in lost revenues—almost as much as is presently spent under the Manpower Development and Training Act. The justification for such a subsidy to private industry to train to workers rests on the valid proposition that industry systematically underinvests in the training of workers because each firm—though not society generally—will lose some part of any investment it makes in training through labor turnover.

In assessing these proposals, it is necessary to ask how effective such a scheme would be, what special problems its administration might encounter, and whether there are alternatives that can achieve the same objectives more efficiently and equitably.

The first point to be made is that the greatest part of the tax loss would not go to buy more training. Business already spends very large sums on manpower training which would qualify for the tax credit. Thus the main effect would be to transfer a part of the cost of that training from firms (or their customers) to the Federal budget. Nevertheless, there would surely be an inducement for firms to bring about some net expansion of their training activities, although it is difficult to know how much. We can, however, make some guesses as to the kinds of training that would be likely to be expanded, and whether they are the kinds we most urgently need.

Surely our highest priority must be given to an enlarged effort to train the disadvantaged—the poorly-educated, the victim of discrimination, the person with few if any marketable skills, and thus the perennially unemployed. Any expansion of private training programs would undoubtedly follow the lines of existing private programs. If so, most of the workers trained would be those already employed, and those with already relatively high educational levels. Many disadvantaged workers need prevocational training or remedial services before any employer would consider them suitable for on-the-job training.

A second area where the immediate economic payoff of added training is particu-

larly high is where there are now specific, identifiable skill shortages. But the tax credit approach does not appear to be an efficient device for reaching these situations. Specific occupational shortages are concentrated in a few sectors of the economy. Most of the revenue loss from the tax credit would benefit firms in industries not affected by any specific occupational shortages. Moreover, many of the most critical shortages are in the public service area—in medical, educational, and welfare occupations—which would not be affected at all by the tax credit.

Further, there is considerable uncertainty as to the effectiveness of the tax credit as a training incentive for firms with labor shortages. Many firms—for example, in construction—are too small to conduct training programs effectively. In other cases, particularly in the capital goods and defense industries, training is limited by uncertainties as to the future volume of output. In these cases, a marginal reduction in training cost would be relatively ineffective.

A third priority in training is the retraining of workers permanently displaced by changes in production methods or market conditions. Their previous employers will have no interest in training them, even with a tax credit. They are usually concentrated in particular industries and localities. They will be little helped by a small, thinly-spread increase in training programs which would result from the tax credit approach.

Administration of a tax credit for training would involve numerous complex determinations of what activities truly constitute training and what their costs are. This is particularly difficult for what is frequently the most effective kind of training—namely, on-the-job training. I suggest you run over in your minds how an internal revenue agent would inevitably be tangled up in determining what is or is not training and how to allocate and measure its costs.

Finally, there are alternative, and probably superior ways to provide additional training. An extra \$200-300 million spent in expanding and improving existing Federal manpower training programs would probably finance a larger volume of additional training than would be obtained through a tax credit having that same budgetary cost. Moreover, the added training could be aimed more specifically at the points of greatest need: to assist the disadvantaged, to break skill bottlenecks, and to retrain the displaced.

We need not think only in terms of the expansion of existing programs. The President has proposed changes in the unemployment insurance system to provide training, guidance, and other supportive services in conjunction with extended benefits to the long-term unemployed who exhaust their regular benefits. This is a way to focus benefits on one group most in need of retraining, financed through the unemployment insurance system rather than from general revenues.

Moreover, there are surely ways other than the tax credit to enlist more effectively than we do now the innovative capacity of private business in the activity of manpower training. A number of possible approaches have been suggested which need exploration.

Some countries have successfully developed programs to provide instructors, curricula, and equipment to aid small firms to train workers in short supply or to establish formal training programs for their work force. These could be public-private corporations which could contract for the services of private businesses which now have effective large-scale training activities.

Techniques and principles similar to those used in defense and space contracts could be used to stimulate the developments of new training and job placement techniques. These could include the use of R&D contracts to plan training programs, with the prospect of "production contracts" to fol-

low for the actual training; or the use of incentive contracts for training, with fees based on success in raising earnings of trainees and related criteria.

Based on the proposition that labor turnover causes industry to underinvest in training, proposals have been made for some kind of insurance which would compensate employers for the loss of their training investment in a worker who quits. If such a scheme were feasible, it would deal more directly with one obstacle to the expansion of private training.

Through extension of existing programs and the development of new ones, it should surely be possible to purchase or provide more additional training, directed more in accordance with economic and social priorities, than is possible through tax credits for expenses of training.

#### CONCLUSIONS

Special tax credits, tax deductions, and other tax devices to aid specific groups or to reward specific activities are not necessarily efficient or equitable methods of achieving public purposes. Qualitatively, they are not different from government expenditures. It is always possible to imagine an expenditure program identical in every respect to any tax credit scheme. Indeed, it is a useful exercise to do so, since a seemingly rational tax incentive may look quite different—and far less attractive—when viewed as an expenditure program.

The naive appeal of the tax credit is that it necessarily reduces interference by the government in private affairs. Yet the administration of tax devices may require as much or more probing into the lives of individuals and the activities of business as would direct regulation or direct expenditures by Federal, State, or local governments.

In each case we must ask what social purposes we wish to achieve and which instrument of government—expenditures, taxes, or direct regulation—is best suited to accomplishing those purposes. And the total cost of achieving the purpose by the best of the methods then must be balanced against the cost of doing nothing.

Let there be any misunderstanding, let me stress that I am not trying to condemn all uses of the tax system to achieve specific public purposes. The investment tax credit, for example, has proved to be a useful and effective device for encouraging expansion and modernization of plant and equipment. It is a basic part of the tax structure, available to all businesses. No alternative method has been advanced which encourages such investment as effectively and as equitably.

But the success of this device provides no automatic justification for others. And there is considerable risk that some far less sensible ones may be enacted. Each such enactment would provide the model for another, with the danger of serious and cumulative erosion of the tax base. I trust that when we hear proposals for new forms of tax incentive, we will learn to stop, look, and listen—then proceed with utmost caution.

#### THE UNITED NATIONS AND A CEASE-FIRE IN VIETNAM

Mr. McCARTHY. Mr. President, last Friday, following the United Nations action in the Middle East crisis, my colleague from Minnesota [Mr. MONDALE] wrote to Ambassador Arthur Goldberg. In his letter Senator MONDALE noted the cooperation between the United States and the Soviet Union in reducing tensions. He urged that Ambassador Goldberg take advantage of the present mood and renew our efforts with the Soviet Union in the United Nations to bring about a cease-fire in Vietnam. I

ask unanimous consent that Senator MONDALE's letter be printed in the RECORD.

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

JUNE 9, 1967.

HON. ARTHUR J. GOLDBERG,  
U.S. Representative to the United Nations,  
New York, N.Y.

DEAR MR. AMBASSADOR: Please accept my warmest congratulations and gratitude for the manner in which you have carried out a most difficult assignment in the U.N. deliberations on the crisis in the Middle East. All Americans are justifiably proud of the clear and forceful way in which you have represented our country during these trying days.

One hopeful sign has emerged from this tragic military confrontation. With world peace at stake in a live war, the United States and the Soviet Union have been able to cooperate in the United Nations and between themselves to reduce tensions and diminish the danger.

The result is a U.N. resolution to end hostilities that does not limit the basis for future negotiations. It is only a beginning, but it is that. Although the future may be difficult, it is at least possible now.

This success was made both possible and necessary by the grave danger of world conflict. We all have a fresh awareness of the catastrophe of all-out war and a new appreciation of the urgent need to work diligently to avoid it. What might have happened in the Middle East might happen anywhere, and the world is now intensely aware of that fact.

This new climate, it seems to me, provides us with a unique opportunity to renew our efforts with the Soviet Union in the United Nations to bring about a cease-fire in Vietnam as well. If we could agree on a similar unlimited resolution to end the fighting in Southeast Asia in the name of world peace, the contribution to the safety of the world would be enormous.

I therefore urge you to use every means at your disposal to take advantage of the present mood. The details of the two situations differ, I know. The chances of success may be remote: But the opportunity must not be lost, for we are all newly aware that the overriding consideration is the necessity to avert world catastrophe.

With warmest regards.

Sincerely,

WALTER F. MONDALE.

#### PRESS COMMENTS ON NIGERIA

Mr. THURMOND. Mr. President, South Carolina's News and Courier is well known for its ability to pinpoint the turbulent weather that faces not only the United States, but also the entire world. In the June 5, 1967, issue, the editors comment on the emerging nations of Africa. The editors of this newspaper are widely known for their world travel and firsthand experience which gives them on-the-scene ability to focus on the real issues at hand.

It is clear that Nigeria today is divided by tribal dissension and inner jealousies. The News and Courier says that this "tribal conflict is further proof to the world that many of the new African states are incapable of efficient, harmonious self-government."

On the other hand, Mr. President, South Africa is vigorously illustrating its ability to unite its country in a sensible, cooperative way. The News and Courier editors further demonstrate their insight into foreign affairs when they make it clear that South Africa is not calling for

race war, but instead is promoting economic cooperation between its country and the new Republic of Biafra.

Perhaps we could all take a lesson from the advances that are being made in South Africa and the bitter turmoil that is raging in Nigeria.

Mr. President, I ask unanimous consent that the June 5, 1967, editorial of the News and Courier, Charleston, S.C., be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

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

#### TWO ROUTES IN AFRICA

Secession of eastern Nigeria, to become the new Republic of Biafra, divides the most populous country in Africa and the emergent nation long regarded as having a great future.

Behind the split are tribal differences and jealousies involving distribution of Nigeria's wealth. Ironically, Nigeria is the West African country which received the most careful preparation for independence. Last year, however, it was the scene of the bloodiest massacre in post-war African history, with 100,000 Ibo tribesmen being slaughtered by their countrymen.

The act of secession, and the reality of inner division which caused the split, are major setbacks for all of black Africa. The tribal conflict is further proof to the world that many of the new African states are incapable of efficient, harmonious self-government.

A further irony is Nigeria's condemnation of the Republic of South Africa for its policy of separate development. Yet it is South Africa which is showing a capacity for uniting Africans on a sensible basis.

In recent days, Chief Leabue Jonathan of Lesotho spoke on the need for a "Southern Africa" concept. Chief Jonathan is cooperating with South Africa in developing his small country's economic potential.

Another black African leader who appreciates the know-how and good will of the white South African government is Dr. Hastings Banda of Malawi in Central Africa. A former extremist leader, Dr. Banda outraged "liberals" in England and the USA by formally recognizing South Africa as "here to stay." Instead of calling for race war, Dr. Banda is promoting economic cooperation between his country and the Republic. South Africa has responded by offering financial aid to Malawi—formerly called Nyasaland—and by establishing new trade ties.

Instead of being torn by revolution, as its opponents have forecast since 1948, South Africa is prospering and moving toward a Southern Africa commonwealth which would give adjacent black African countries the benefits of the Republic's imaginative economic leadership and financial assistance. This is a way of advancement in Africa. Nigeria's route of turmoil and secession offers nothing but further hardship for the black African peoples.

#### RESOLUTIONS OF NATIONAL SOCIETY OF DAR

Mr. THURMOND. Mr. President, last April 17 through 21, I had the pleasure of attending the 76th Continental Congress of the National Society of the Daughters of the American Revolution held here in Washington, D.C.

As usual I found the DAR in the forefront as concerns their interest in the critical issues of the day which face this Nation. This splendid organization is rendering a distinct service through their various programs and because of

the deep-rooted patriotism they have always espoused.

The membership rededicated itself to the spiritual values exemplified in the lives of the Founders of this great Republic, and in so doing gave approval to a number of resolutions on key issues of the day. These resolutions were the result of detailed study conducted by the DAR and cover many of the major areas of interest to the Congress as well as to the American people.

Mr. President, I ask unanimous consent that the resolutions adopted by the Daughters of the American Revolution at their 1967 meeting be printed in the CONGRESSIONAL RECORD at the conclusion of these remarks.

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

#### RESOLUTIONS

(Adopted by the 76th Continental Congress, National Society Daughters of the American Revolution, April 17-21, 1967)

#### REDEDICATION

*"Be ye doers of the word, not hearers only"*

Whereas the study of American History promotes the interest of both past and present eras; and

Whereas this strengthens our determination to safeguard our priceless heritage for this and future generations; and

Whereas our forefathers fought for independence with wisdom, fortitude and devotion in adversity, which imparts a far greater awareness of the value of America;

Resolved, That the National Society of the Daughters of the American Revolution commend the Congress of the United States of America for the enactment of a law designating February 1967 as American History Month and express the hope that February may be designated permanently as American History Month;

Resolved, That the members of the National Society of the Daughters of the American Revolution rededicate ourselves to the spiritual values exemplified in the lives of those Founders of the Republic who were "doers of the word, not hearers only."

#### A FLAG LAW

Whereas the United States Flag Code is frequently violated for lack of appreciation of the symbolic meaning of our Flag; and

Whereas certain persons have violated the Code and shown disrespect for the Flag by flagrant abuses on the ground that it is "their sacred right to create and display the Flag as an expression of protest" and this is sometimes done by desecration or by caricature; and

Whereas open outrageous acts of desecration of the Flag of the United States of America occur almost daily without fear of punishment;

Resolved, That the National Society of the Daughters of the American Revolution advocate legislation which would provide a penalty for the violators of the Flag Code and those who desecrate the Flag of the United States of America.

#### VIETNAM

Whereas American armed forces are valiantly engaged in Vietnam in the continued struggles to aid free nations from oppressors which have marked this century; and

Whereas the difficulties in Vietnam and the length of conflict are increased by American military subordination to United Nations limitations with only "limited war" objectives, as in Korea, not victory objectives, and by increased United Nations disarmament controls hampering American developments of maximum weaponry; and

Whereas further political impediments to military success include: failure to blockade