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VI The adequacy of existing methods for assuring universal observance of the laws of war and the potential role of international commissions or tribunals in considering adequacy of existing standards under the laws of war, as well as in assuring observances by all parties to present or future international conflicts.

The Commission should be appropriately composed of jurists, Congressmen, public figures, members of the armed services and others, so that it would have a balance of members with both expert and general knowledge, and so that its work, reports and recommendations would elicit widespread public confidence and support.

The Association of the Bar of the City of New York has a deep and continuing interest in these problems.

Respectfully yours,

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THE WHITE HOUSE,
Washington, February 15, 1972.

DEAR MR. BOTEIN: I have been asked to respond to your letters of January 12, 1972, to the President and the Vice President forwarding a proposal approved by the Executive Committee of the Association of the Bar of the City of New York for the establishment of a National Commission of inquiry on the observance of the laws of war in Indochina.

As outlined in your letter, the scope of the inquiry conducted by the proposed National Commission would also include such problems as the adequacy of existing standards in the laws of war, the validity of United States policy guidelines and directives governing our operations in Indochina, the nature and quality of education and indoctrination with regard to the laws of war and their observance, and an appraisal of the system of military justice. The Association's proposal also contemplates that the Commission would issue a public report on those matters.

The issues raised by your letter are unquestionably important ones, and the concern expressed by your Association is fully shared by this Administration. Indeed, extensive consideration was given by the Administration last year to the question of whether this Administration should itself propose the establishment of such a National Commission, comprising members of the public, Congress, and the Executive Branch, or, alternatively, whether such a Commission within the Executive Branch should be appointed. It was finally concluded by the Administration that neither alternative should be adopted for the time being.

In essence, there were two basic considerations which compelled that conclusion. First, it was believed that the divisiveness of the American public already engendered by conflicting views with respect to the Indochina war in general, and to the processes of military justice in dealing with such unfortunate incidents as the one at My Lai, would be further intensified were a public inquiry to be conducted while hostilities were still in progress in Indochina. Second, the Rules of Engagement governing our military operations in Indochina are, for obvious reasons, classified. Since knowledge of the limitations imposed by the rules on United States and United States supported operations could be of substantial value to hostile forces in Indochina, those rules could not for the time being be made available for the purposes of a public inquiry. Similarly, if such an inquiry were to be conducted solely by the Executive Branch on a classified basis, the Executive Branch Commission could not issue a public report disclosing that security information while military operations continued.

It should not be inferred from the foregoing, however, that we have taken no affirmative action as to these matters. The applicable policy guidelines and directives dealing with the specifics referred to in your letter are the subject of continuing review and of modification when required. Similarly, while we believe that our education and indoctrination programs are far superior to those of most other nations, they can be, and are being, improved. Further, the Department of Defense is committed to thoroughly investigating all allegations of possible war crimes in Indochina which are brought to its attention.

Finally, as you undoubtedly know, the Executive Branch has taken an active role in the current international negotiations sponsored by the International Committee of the Red Cross which look toward the conclusion of new agreements reaffirming and developing international humanitarian law applicable in armed conflicts. We anticipate that the outcome of these international conferences will to a large extent contribute to the further evolution of the laws of war sought by the action recommended by the Association of the Bar of the City of New York.

The interest expressed by your Bar Association in these problems is greatly appreciated.

Sincerely yours,

JOHN W. DEAN III,
Counsel to the President.

THE ASSOCIATION OF THE BAR OF THE CITY OF NEW YORK,
New York, N.Y., March 17, 1972.

Hon. SPIRO T. AGNEW,
President of the Senate, New Senate Office Building, Washington, D.C.

DEAR MR. PRESIDENT: You will recall that in identical letters dated January 12, 1972, addressed to the President of the United States, to you in your capacity of Vice President and to the Speaker of the House, The Association of the Bar of the City of New York has proposed the appointment of a National Commission to help assure for the future the more effective enforcement and observance of the laws of war.

Such Commission, in our view, should be empowered to conduct an inquiry and to issue a public report in regard to such matters as United States guidelines and directives covering obligations under the laws of war, methods of supervising their implementation, education and indoctrination of all military and civilian levels regarding such laws, adequacy of the processes of military justice in dealing with suspected war crimes and the adequacy of existing standards under the laws of war to contemporary conditions of weaponry and type of conflict.

A copy of our letters of January 12, 1972 is enclosed for your convenience.

The Association has received a reply dated February 15, 1972 from Mr. John W. Dean, III, Counsel to the President, a copy of which is transmitted herewith. It will be noted that, for reasons set out in that letter, the Administration has declined to act upon the proposal of the Association.

The Association, nevertheless, adheres to the view that the issues involved are of sufficiently grave public concern to call for action along the lines of our proposal. We are convinced that such action would help unite and inform public opinion and that it would not require access to properly classifiable information.

The Association, in collaboration with other legal and civic organizations, accordingly, is considering the feasibility of itself proceeding with such an inquiry. We believe, however, that it could be most effectively conducted by an official body, empowered to hold hearings and to make studies and reports appropriate to the nature of the problem.

Despite the negative conclusion of the Administration, the Association renews its recommendation that the Congress make provision for the conduct of such an inquiry. Such action, in our view, involves matters clearly within the proper scope and interest of the Congress, both in aid of legislation which might be suggested by such an inquiry, and the improvement of Congressional-Executive relationships designed to assure respect for and compliance with these momentous legal and moral obligations.

We renew our assurance of the deep and continuing interest of The Association of the Bar of the City of New York in these problems and urge your prompt and favorable consideration of our proposals.

Sincerely yours,

BERNARD BOTEIN.

CONCLUSION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

EXTENSION OF AUTHORITY CONFERRED BY THE EXPORT ADMINISTRATION ACT OF 1965

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 671, Senate Joint Resolution 218.

The PRESIDING OFFICER (Mr. MANSFIELD). The clerk will report the measure.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 218) to extend the authority conferred by the Export Administration Act of 1969.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

The Senate proceeded to consider the joint resolution.

Mr. STEVENSON. Mr. President, the authority conferred by the Export Administration Act expires May 1, 1972. This resolution simply extends that authority for a period of 3 months, to August 1, 1972. Before that latter date, the Senate Committee on Banking, Housing and Urban Affairs will give serious consideration to the whole subject of export controls and will by that date report out a bill.

This bill, as I say, would simply extend the Export Administration Act of 1969 to August 1, 1972.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. STEVENSON. I yield.

Mr. JAVITS. Mr. President, I hope very much that the Senate will pass this measure. It is a brief extension, but it is very important as it encompasses the period during which the President will go to the Soviet Union.

In reviewing our relations with mainland China and the Soviet Union we find that they are heavily based upon the issue of trade. Trade liberalization has taken place and can take place to a greater extent, if desirable and necessary. Expanded trade and commercial relations can be a major privilege.

I hope very much that the passage of this extension measure will signal our accord with the President that this is one of the highest priority subjects to be discussed on his visit to the Soviet Union. It is an area where future significant progress can and should be made as negotiations continue.

No one wants our guard relaxed in terms of strategic items. However, there are three lists: One, strategic items; another, nonstrategic items; and another that is in between. A review of lists is probably long overdue.

The Congress and the administration have already shown by the recent waiver of the President, whereby the private investment guarantees and programs of the OPIC are now operating in Yugoslavia and Rumania, that we clearly welcome some fruitful way, without being euphoric about it, of expanding the trade and investment possibilities between our country and the countries of Eastern Europe. There is also the positive movement in respect to MFN for Rumania. Similar opportunity could exist over time with the Soviet Union and the People's Republic of China.

Let us remember that the greatest opportunity for the expansion of trade in a way which is constructive in itself but also to other issues exists in areas of the world where there is very little trade. That includes the Communist countries and vast areas of the lesser developed countries.

For all of these reasons, and especially because it will show a sense of unity with the President in this particular matter of expanding trade, securely and wisely I add immediately, I very much hope the bill passes.

AMENDMENT NO. 1076

Mr. TAFT. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). The amendment will be stated.

The legislative clerk read as follows:

On page 1, after line 5, insert the following:

SEC. 2. Section 2 of the Export Administration Act of 1969 (50 U.S.C. App. 2401) is amended by adding the following finding of Congress as subsection (5):

"(5) The application of United States export controls to commodities which are available without restriction from industries in countries with which the United States has defense treaty commitments or are utilized almost exclusively in nonstrategic production unnecessarily handicaps United States industry in competing for export sales."

SEC. 3. Section 3 of such Act is amended by adding the following declaration of policy by Congress as subsection (6) thereof:

"(6) It is the policy of Congress that the appropriateness of subjecting, or continuing to subject, particular commodities to United States export controls should be determined after review and consultation by and between representatives of interested United States governmental agencies and qualified experts from private industry."

SEC. 4. Section 4(a) of such Act is amended by adding the following as subsection (3) thereof:

"(3) Upon the enactment of this subsection, the Secretary of Commerce shall undertake, with the cooperation of other interested United States agencies, an immediate investigation to determine which commodities should no longer be subject to United States export controls. In making this determination, the Secretary of Commerce shall no longer apply United States export controls to commodities which are available without restriction from sources outside the United States in significant quantities of quality comparable to that of such commodities produced in the United States: *Provided*, That such export controls may continue to be applied upon presentation to the Secretary of clear and convincing evidence demonstrating that the absence of such controls would constitute a threat to United States national security. The Secretary of Commerce shall give priority in such investigation to determining whether United States export controls should continue to apply to commodities for which there is a significant potential export market. The Secretary of Commerce shall complete such investigation by December 31, 1972, and shall submit by that date a special report to the Congress specifying those commodities for which United States export controls have been removed pursuant to such investigation. Such report shall also specify those commodities which remain subject to export controls greater than those applied by nations with which the United States has defense treaty commitments and the reasons for retaining any such controls."

SEC. 5. Section 5 of such Act is amended by adding the following as subsection (c) thereof:

"(c) To effectuate the policy of section 3(6) of this Act, the Secretary of Commerce shall appoint Joint Technical Advisory Committees composed of representatives from interested United States governmental agencies and experts from private industry. Such Committees shall be appointed for each of the groups of products subject to United States export controls and shall be convened for their first meetings not later than sixty days after this Act takes effect. The Joint Technical Committees shall meet regularly to advise and assist the Secretary of Commerce on action for the purpose of carrying out the policies set forth in section 3 of this Act and shall be consulted with respect to the level of United States export controls applicable to all commodities, including those whose export is subject to multilateral controls undertaken in cooperation with nations with which the United States has defense treaty commitments. Such Committees shall be consulted and kept fully informed of progress with respect to the export control investigation required by section 4(a)(3) of this Act."

Mr. TAFT. Mr. President, this amendment would amend the Export Administration Act to require prompt decontrol of the unilateral U.S. export controls which are not necessary to protect our national security.

Mr. President, I feel strongly, with the concurrence of the Senator from Illinois and the Senator from New York, that it is necessary to extend this authority. I feel, however, that we ought to recognize that it is extremely important at an early date to take a new look at this entire area.

The testimony in the hearings before the Committee on Banking, Housing and Urban Affairs on this subject was full of evidence concerning the fact that the United States, in effect, is handicapping itself by continuing the present system of export controls which control many items which are not of strategic value and not covered by the COCOM list.

Even within the COCOM list there is a lot of question whether other major industrial competitors of ours, with relation to items that are not of high priority from the standpoint of national defense, are not circumventing the import of items on the COCOM list.

Upon the enactment of the amendment, the Commerce Department would head up a study to determine which commodities should be at least partially decontrolled. Commodities for which there is a significant potential export market would be given priority in the review process. Unless clear and convincing evidence is presented that the absence of export controls on a commodity in question would constitute a threat to the national security, commodities which are available without restriction from sources outside the United States would be decontrolled. Such decontrol would take place by the end of this year. At that time the Secretary of Commerce would be required to give reasons for retaining unilateral controls on any specific item.

My amendment also provides for the establishment of Government-industry joint technical advisory committees. These committees would be consulted and informed with respect to the level of U.S. export controls, including those controls which are imposed internationally under the coordinating committee, or COCOM, agreement.

In the 1969 committee report on the Export Administration Act, the Senate Banking and Currency Committee stated its belief that—

> It is desirable that this Nation do everything it can to increase its exports. The Committee believes that any restriction of exports is unwarranted if it does not serve some positive function.

It could not have been made clearer that the committee desired the decontrol of U.S. exports to the maximum extent possible. Yet the information which was brought forward in the recent Banking Committee hearings has convinced me that our Government is, in some ways, dragging its feet in the area of export decontrol.

There can be no doubt that some progress has been made since the enactment of the 1969 act. But our list of unilaterally controlled commodities remains far longer than the list of any other COCOM country. In addition, American businesses must face a more expensive and drawn out export licensing process than their foreign competitors.

The excessively long list of unilaterally controlled commodities results both from insufficient decontrol of items which are available from foreign sources, and from an overly restrictive interpretation of what must be controlled in the interest of national security.

The 1969 committee report on the Export Administration Act stated that—

> For the U.S. to attempt to unilaterally control the export of goods which are freely available from other sources is both futile and useless.

In accord with this policy, more than a year ago the Office of Export Control initiated a review of licensing requirements for machine tools. Because the machine tool industry was encouraged to believe that nonstrategic machine tools which are readily available from foreign sources would be decontrolled, they cooperated by providing extensive data. The industry studies showed that many nonstrategic items were readily available from European and Japanese sources. These were not high technology items, but common machine tools such as lathes. Yet, in the period of almost 1 year since the last of these reports was submitted, not a single machine tool has been decontrolled.

The machine tools subject to U.S. uni-

lateral controls include virtually all machines not on the COCOM list. They are, however, available without licenses from our Western European and Japanese competitors. Indeed, other governments positively encourage such shipments in many cases. Some of them provide generous financing to foster sales in the U.S.S.R. and Eastern Europe. This situation makes our Government's refusal to decontrol machine tools all the more damaging to domestic producers.

We have seen some indications in the news this week of an upturn in machine tools, but that is only from the very bottom level and it is no indication of the severe stress to which this vital industry is being subjected.

The provision of the current law for denying export of commodities deemed to have "significant military applicability" or strategic value is absolutely essential to our national security. At present, however, many commercial-grade computers and types of electronic equipment are denied export licenses because one or more agencies of the Government consider them to have a potential for military use even though these items are intended for commercial or nonmilitary scientific application. In my opinion, it is questionable that any nation would import such equipment for the sole purpose of achieving military or strategic advantage and at the same time be forced to rely on U.S. manufacturers for the spare parts, maintenance, and services which would be necessary to maintain such an advantage. The Government should consider decontrolling such items.

The time delays which would be serious in any commercial transaction are especially serious in dealing with the Russian and Eastern European markets, because U.S. suppliers already face several built-in disadvantages. These disadvantages include a lack of familiarity with the market; remoteness, and thus the fact that long shipping intervals are required; the relative lack of hard currency; and the unwillingness or inability of the United States to accept merchandise from the U.S.S.R. and Eastern Europe in payment for U.S. goods. Coupled with these disadvantages, delays in the processing of export licensing can mean the loss of millions of dollars' worth of business to foreign competitors.

Nevertheless, some export license applications have languished for months, for more than a year. The Government debated whether to allow U.S. participation in Russian truck plants. Even where there is no major political issue raised by an application, it can take months to secure a license for equipment subject to unilateral controls. The licensing process is expensive and frustrating, particularly for the small company not familiar with current practices and procedures.

I realize that part of the reason for this problem is that the Office of Export Control is understaffed and underfunded. I hope that the Commerce Department will shift its priorities to remedy the situation, and that Secretary Peterson will take whatever other steps he thinks will expedite the processing of licensing applications. I believe that the most effective answer to the problem, however, is to remove the controls completely for all commodities except those where control is clearly necessary and wise or pursuant to controls.

I am proposing the establishment of Government-industry joint technical advisory committees for several reasons. Most importantly, to administer export controls properly, our Government needs to use the technical expertise which only representatives of the industries affected can provide. The Office of Export Control and the Interagency Coordinating Committee are responsible for applying export controls to all kinds of commodities. These Government officials are necessarily generalists, and it is impossible for them to become familiar with the intricacies of each product which must be regulated. Yet that is exactly what is necessary to give the definitions of items on the export control list the needed precision and uniformity. The formulation of such a definition cannot merely be considered as bureaucratic categorizing. It is an important business decision, and the Government officials who must make it should have the full benefit of industry experts' advice.

The joint technical advisory committees would also serve to increase industry's awareness of developments in export control, and the Government's awarness of business developments. Several industry representatives expressed the belief in testimony that the Government needs to improve its efforts to keep them informed. For example, one witness said that his industry could not come across such vital information as who the U.S. negotiators at the COCOM are or what their instructions are. There is also room for improving the flow of information to industries with regard to the status of their applications for export licenses while they are being processed. On the other hand, through the committees, the business community would be able to contribute more up-to-date information as to the status of U.S. technology and actual commercial conditions in the countries subject to controls.

In addition to the measures to facilitate East-West trade which are required by my amendment, there are several other steps which I believe our Government should take. If there was one salient fact which was revealed in our subcommittee's recent hearings, it was the outdatedness and restrictiveness of the COCOM controls. I would like to see the United States take the initiative in rationalizing the COCOM list and the administration of the COCOM controls. The United States should suggest to the COCOM which items on the list are not of strategic significance to the member countries. We should also initiate an effort to develop criteria for the granting of exceptions to the COCOM controls. These criteria should be uniformly followed by all COCOM members, including the United States. This would remedy the present situation, where it is much more difficult for an American industry to persuade its Government to fight for an exception than it is for foreign competitors to do so. We should also take advantage of the new joint technical advisory committees to help COCOM bring its commodity definitions up to date and make them more exact.

Our Government should make an effort to reduce the risk which industries must incur when they do business in Eastern Europe and the U.S.S.R. The President should authorize the Export-Import Bank to provide insurance against the nonrenewal or cancellation of an export license before the export transaction is completed. Since nonrenewal or revocation may be due to circumstances beyond the manufacturers' control, such as a change in foreign relations, it is appropriate that the Government extend this insurance. Such insurance is already provided for exports to Rumania and Yugoslavia. There would seem to be no reason why it should not be extended to other Communist countries.

The business risk involved in licensing can be lessened still further if the initial validity of a license is lengthened from the present period of 1 year. A license should ordinarily be good from the time of approval until the completion of the export transaction. In addition, the Government should enlarge the scope of export licenses to include authority to export replacement parts that may be required in the normal course of a machine's life. This would reduce the risk to the importer of buying American goods. It would also prevent situations where the importer must conclude that American sellers have cajoled him into buying a machine which he cannot service, and which is therefore useless to him.

From both an economic and a political standpoint, it is imperative that Congress and the administration act immediately to enlarge their opportunities for doing business with the eastern European countries. In purely economic terms, the opportunities are great and the domestic needs are great.

I received a report only today containing statistics, which I am glad to call to the attention of the Senate, showing lagging U.S. trade in Eastern Europe.

In 1970 U.S. exports to Eastern Europe were $350 million. Exports from other Western countries were more than $8 billion.

The U.S. share of the world market was about 16 percent. The U.S. share of the Eastern European market was about 3 percent.

The trend in Eastern European trade since the 1969 act was as follows: U.S. exports to Eastern Europe as a percentage of COCOM exports to Eastern Europe: 1967, 4.35 percent; 1969, 3.92 percent; 1970, 4.89 percent.

In 1971, approximately 4 percent.

For example, the machine tool industry conducted its first industry organized Government-approved trade mission to the U.S.S.R. and Hungary last spring. During these sessions, Soviet officials gave the companies requests for quotations for U.S.-built machine tools that totaled more than $50 million. As a result of the industry's mission to Poland, which has just returned, industry officials expect that more than $50 million in requests will be received by the U.S. machine tool companies who participated in the mission.

These markets are just opening up. If U.S. companies are to participate in them, they must be able to move in now unless U.S. strategic interests are involved.

It is important to the machine tool industry to take advantage of these opportunities to the extent proper by these standards the domestic industry is severely depressed.

Production and new orders for machine tools have declined sharply over the past 5 years. By the end of 1971, backlogs had dropped 66 percent below the 1966 level. Profit margins averaged less than 2 percent of sales in 1971 and they are likely to be even lower this year. Many machine tool companies suffered severe losses in 1971. In addition, I have already pointed out that foreign competitors are more than capable of supplying these new markets. These competitors increasingly have been outselling the U.S. machine tool industry all over the world, where there have been no U.S. unilateral export controls to help them. They will outsell our industry to an even greater extent in Eastern Europe unless we move immediately to facilitate trade by loosening our export controls.

There are also indications that several other industries, such as office equipment and computers, may be in the same position as the machine tool industry.

In addition to these economic advantages, the political advantages of immediate trade liberalization with Eastern Europe and the U.S.S.R. might be considerable. They would to some extent counterbalance and parallel the improved relationship with China which the President has worked so hard to bring about. A clear indication from Congress that trade liberalization is desirable would also give President Nixon more flexibility to deal with the Russians when he goes to Moscow in May. These advantages would be augmented by the good feelings which are bound to result from any improvement in trade relations.

In short, the time is opportune and the need is great. For the sake of both our own industries and of improving international relations, the Government should promptly adopt these suggestions for liberalizing our export control system.

I am aware, of course, that the bill before us does call for an extension of only a 3-month period. I am also aware, as has been pointed out by the Senator from New York, that in going to Moscow this year the President should be given a free hand; but in giving him a free hand to discuss this subject—and I hope it is discussed; I think it is extremely important that it be given high priority in the discussions—I think it is important that there be a recognition of the very strong feeling of the Senate with regard to this matter. I think the position of the committee in this regard was almost a unanimous one.

I, in recognition of the President's position and the delicate nature of the negotiations, am, in a minute, going to ask consent to withdraw the amendment at this time, but only after serving notice that this is the direction we must take. Once the Moscow talks are over with, I hope the Senate will consider this matter with a great deal of dispatch.

Mr. STEVENSON. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. STEVENSON. I want to commend the Senator from Ohio for very convincingly pointing to some of the needed corrections in our export control legislation and the competitive disadvantages which run to the country at times in the administration of the law. The Senator has made a very convincing case, and it is a case with which I am sympathetic.

I have discussed this matter with the chairman of the Senate Subcommittee on International Finance (Mr. MONDALE). I know that he is sympathetic.

It is my understanding that the Senator's amendment, if it is withdrawn, would—and should, in my own judgment—receive very serious consideration by the Senate Committee on Banking, Housing and Urban Affairs, along with the whole subject of export controls in the immediate future, and before the legislation, as amended by this resolution, expires on August 1.

Mr. TAFT. I thank the Senator for his comments.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr JAVITS Mr. President, I would like to join the Senator from Illinois in commending the Senator from Ohio. I think it is a splendid initiative. I recall the days in the House Foreign Affairs Committee—this goes back 15 years or more—when we considered the Battle Act, introduced by Laurie Battle, which put the United States in a position to engage in these controls.

It was then contemplated that we would always give the sharpest review to the whole program. It is only if Congress joints in the initiative that the Executive can take up that initiative, because the Executive alone is reluctant to be identified with anything that conceivably would let the bars down and equip the "enemy" or the potential "enemy" with strategic materials. We all know how such things can be distorted. So the doubt has to be resolved by Congress. By taking the initiative can we say to the Executive that we want to be secure, but we do not want to be fool-safe in terms of this Nation.

So I thoroughly commend the Senator, and hope that his effort will get somewhere, and I shall certainly help him in every way. I am glad, too, that he has seen fit to let this bill go through as it stands.

One final comment, and that is that the Senator's work must be considered, too, with the totality of the work which, if protectionism is to be avoided in this country, will be necessary. First, much more remains to be done to stimulate and encourage exports, building on the impressive efforts to date of the Export-Import Bank and the U.S. Department of Commerce. Still today many American firms are not interested in export trade, because it has not been facilitated. The facilitation of trade of American businesses lags far behind the stimulation of trade by European and Japanese trade ministries often through their diplomatic missions.

Second to be considered is the matter of countervailing duties and antidumping matters, and the prompt and adequate enforcement of these and other laws and regulations already on the books.

Third, the negotiation of nontariff barriers to trade, in the context of major trade negotiations in 1973 encompassing both agricultural and industrial products.

Fourth, the very urgent need for international monetary reform, and we are hopefully on the threshold of that.

So I am glad to see the Senator identifying himself with those forward looking forces. I welcome the Senator's intiatives and will certainly do everything I can to make his efforts good.

Mr. TAFT. I appreciate very much the remarks of the distinguished Senator from New York in a field in which he has long been one of the leading spokesmen, and I certainly want to express my concurrence with his concern and his expressions with regard to the necessity of building U.S. trade abroad, not merely with regard to this act and the approach to this act which my amendment would indicate, but also, where we feel that we can do so, in the area of financing, extending the authority of the Export-Import Bank, and in the area of trying to encourage doing something to build up exports while imports continue to come into this country.

The newspapers this morning again pointed out the unfavorable trade balance we have had. The reason is not that we have had an increase in imports which is unjustified. In some instances, there has been unfairness with respect to the positions of the nations involved, but principally it has come about, I think, because we have not used fully the potentials of this country for building markets abroad; and I think some legislation in this area is vital to achieve that purpose.

Mr. President, in the Washington Post of Thursday, March 23, 1972, there appeared an excellent article, written by Dan Morgan, entitled "Western Firms Evade Ban on Strategic Goods for Soviet Bloc," which discusses many of the matters that have been brought to the attention of the Senate in connection with my remarks this morning. I ask unanimous consent that the article be printed in the RECORD.

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

WESTERN FIRMS EVADE BAN ON STRATEGIC GOODS FOR SOVIET BLOC

(By Dan Morgan)

WARSAW.—One of the most mysterious East-West stories today is that of the curious ways in which supposedly secret capitalist technology finds its way into communist factories.

All through the Cold War, NATO and Japan attempted to slow down Soviet military development by drawing up elaborate embargo lists of advanced technological processes and equipment that were considered strategic.

Now the entire system of embargoes seems to be coming apart, under the pressures of Western business competition and some of its own built-in absurdities.

Taking at face value pentagon assertions that Moscow has achieved military parity

with the West and is nearing technological parity, some businessmen are suggesting that the whole system be scrapped or at least drastically revised.

That would certainly be a good thing for the 100 million East Europeans outside the Soviet Union, who would benefit materially. President Nixon's decision last year to authorize the sale of advanced oil refining equipment for the Polish chemical works at Plock, for example, will be a boon to the country's motorists.

It may be questionable how much the erosion of the embargo system really threatens the security of the United States.

It has long been rumored that the Soviet space program employs IBM and Universal computers—without, of course, the approval of Washington.

What is known for sure is that West European and Japanese companies have been using all sorts of means to circumvent the embargo and sell their most advanced know-how and machines to Eastern Europe.

This is becoming more visible as American businessmen, encouraged by the Administration's more lenient trade policies, begin to test the water in Eastern Europe.

One American businessman who was visiting Warsaw last week told of seeing embargoed British equipment in one East European plant he visited .

In other cases, he said, British companies have fooled the international board that administers the embargo by listing the proposed equipment under a harmless-sounding name different from the one on the prohibited register. Thus, a reactor part could become a "heating element."

The international board is known as COCOM, for Coordinating Committee, which has members from the NATO countries—including France, but not Iceland—and Japan. U.S. participation was authorized by the Mutual Defense Assistance Control Act of 1951.

COCOM, which is now meeting in Paris, must pass on exports before the home government issues export licenses. But some businessmen feel COCOM lacks the expertise to decide whether a given item falls under the embargoed category.

Japan, which supports its domestic industry to the hilt, pays almost no attention to the embargo.

However, the United States maintains a prohibited list longer than CO-COM'S and more secret. U.S. businessmen asking to see what actually is embargoed have been turned down and referred to the British list, which is accessible.

A number of companies have managed to get around the embargo by selling to countries such as Yugoslavia, that are not covered. The equipment is then reexported into the Soviet Union. Through this method, some highly advanced computer technology has reached the embargoes area.

U.S. businessmen also say that France has been a major violator of the technology freeze-out. At least one French company was punished with a one-year ban on U.S. imports for violation of NATO rules.

American firms with subsidiaries in Western Europe use their subsidiaries to overcome the longer, American embargo list. Through the subsidiary means, large quantities of high-grade American electronics equipment were rushed into Czechoslovakia during the economic relaxation of 1968. The various ruses have masked the full extent of East-West trade.

Nevertheless, there is little doubt that the American restrictions have a drawback to development in Eastern Europe. Yet they have had no effect on Communist policy toward the west.

Poland is an excellent example of how the American technological lock has been applied

In three key areas—catalytic cracking for oil refining, semi-conductors for computers and tape copying devices for television—the Poles have been trying to acquire technology that only the United States has.

Development of advanced computers in the Communist bloc has been limited by deficiencies in producing integrated circuits.

In the other two areas, the U.S. has finally relaxed restrictions to enable an American firm to sell the Plock refinery a catalytic cracker for making high-octane gasoline. And it has authorized the California-based Ampex corporation to sell the Polish television enterprise $1 million in tape copying equipment. Apparently, a good system for using tapes, rather than films, to copy television programs is unavailable in the Soviet bloc. The Ampex technique eliminates laborious cutting and splicing of film and will streamline the entire Polish television network.

Symbolically, the American cracker in Plock will be adjacent to an inferior Soviet model. Twelve American technicians will be at the refinery for two years and housing for the families is already being sought.

There are arguments on both sides of the strategic lists debate. Pentagon supporters say all high-grade technology has military application, and that the embargoes have cost the Russians precious years of painstaking research.

The counter argument is that technology—particularly in such fields as electronics and computers—is quickly perishable and outdated by the staggering pace of advance in the U.S. The rigid Soviet-bloc economic systems are often too muscle-bound to adapt even what they buy.

Also, by withholding the technology, the U.S. forces the Soviet bloc to develop research and support systems of its own. The Poles claim to have been on the brink of a breakthrough in television copying technology when the U.S. finally authorized the Ampex sale. Moreover, the Poles told the U.S. that they could buy the equipment anyway through other channels—though at three times the price.

Mr. TAFT. Mr. President, I ask unanimous consent that amendment No. 1076, which I have offered, be withdrawn.

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). Unanimous consent is not required. The amendment is withdrawn.

The joint resolution is open to amendment.

Mr. STEVENSON. Mr. President, I have no knowledge of further amendments to be offered.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution (S.J. Res. 218) was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass?

The joint resolution (S.J. Res. 218) was passed, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14 of the Export Administration Act of 1969, as amended (Public Law 92-37; 85 Stat. 89), is amended by striking out "May 1, 1972" and inserting "August 1, 1972".

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. STEVENSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT OF MANPOWER DEVELOPMENT AND TRAINING ACT OF 1962—CONFERENCE REPORT

Mr. STEVENSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3054) to amend the Manpower Development and Training Act of 1962. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. ROBERT C. BYRD). Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report, which reads as follows:

CONFERENCE REPORT (S. REPT. NO. 92-725)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3054) to amend the Manpower Development and Training Act of 1962, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: That (a) section 310 of the Manpower Development and Training Act of 1962 (42 U.S.C. 2620) is amended by striking out "1972" the first time it appears in such section and inserting in lieu thereof "1973".

(b) Section 310 of the Manpower Development and Training Act of 1962 (42 U.S.C. 2620) is further amended by striking out the colon and the following: *"Provided,* That no disbursement of funds shall be made pursuant to the authority conferred under title II of this Act after December 30, 1972".

SEC. 2. All real property of the United States which was transferred to the United States Postal Service and was, prior to such transfer, treated as Federal property for purposes of the Act of September 30, 1950 (Public Law 874, Eighty-first Congress), shall continue to be treated as Federal property for such purpose for two years beyond the end of the fiscal year in which such transfer occurred.

And the House agree to the same.

GAYLORD NELSON,
EDWARD M. KENNEDY,
WALTER F. MONDALE,
ALAN CRANSTON,
HAROLD E. HUGHES,
ADLAI STEVENSON,
JENNINGS RANDOLPH,
BOB TAFT, JR.,
J. JAVITS,
RICHARD SCHWEIKER,
PETER H. DOMINICK,
J. GLENN BEALL, JR.,
Managers on the Part of the Senate.

CARL D. PERKINS,
DOMINICK V. DANIELS,
LLOYD MEEDS,
ALBERT H. QUIE,
MARVIN L. ESCH,
Managers on the Part of the House.

Mr. STEVENSON. Mr. President, the conference agreement on S. 3054 simply extends the Manpower Development and Training Act for 1 year—until June 30, 1973. In addition, the prohibition in existing law which provides that funds to carry out contracts entered into prior to such expiration date may not be disbursed later than 6 months after such termination date is deleted by the conference agreement.

The conference agreement also pro-