UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 93d CONGRESS
SECOND SESSION

VOLUME 120—PART 26

OCTOBER 8, 1974 TO OCTOBER 15, 1974

(PAGES 34297 TO 35706)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1974

Donahue also entertains interns from throughout the country and conducts teacher-training programs. "It's a resource no school could match," he said, "a community learning lab."

Donahue looked suddenly immensely satisfied as he peered over toward the new theater. It did seem incredible that grown men, most of them highly successful businessmen, hard-nosed and proud of it, would raise millions to build a theater dedicated to youth.

It's a milestone in American theatrical history, a tremendous affirmation of faith not only in Donahue but in his philosophy of quality and tradition.

THE ARCHITECT

(By James Parsons)

TOKYO, JAPAN.—There was nothing in the office that suggested it belonged to a man who has achieved success and fame in his profession.

And there wasn't anything—not even one of those exquisitely simple flower arrangements that Japan has turned into an art form—to suggest that it was the office of a Japanese.

The walls were painted a soft white. The cluttered desk was plain, polished steel with a white top. So were the small round table and chairs in one corner. Only the wall-to-wall carpeting and a small blue couch provided color.

Kenzo Tange was as unpretentious as his office. Nothing suggested that he was designing projects all over the world. Projects that will cost hundreds of millions of dollars. A palace for King Feisal in oil-rich Saudi Arabia, a new university in Algeria, a huge hotel and apartment complex in Teheran, the capital of Iran. A redevelopment project in San Francisco, a harbor-area renovation in Baltimore, several projects in Italy, including a civic center in Bologna, and a reconstruction project in Skopje, the Yugoslavian city nearly leveled by an earthquake in 1963.

The 61-year-old architect prepared the master plan for Expo '70 in Japan and designed the 1964 Olympic stadium in Tokyo that blends so comfortably with its hillside setting that it is still a tourist attraction for Americans who have been looking at stadiums on Saturday and Sunday afternoons for decades.

Tange's modesty—he will discuss his projects without prodding but shies away from questions about himself—is quite Japanese. So is the cup of tea that arrives seconds after a visitor sits down.

But nothing else in his office or in the models of his work suggests Tange's Oriental heritage. Nothing, that is, until he begins talking about his design for the Minneapolis Institute of Arts and College of Art and Design.

Tange speaks repeatedly of "harmony."

Harmony with one's surroundings—both man and nature—and with one's past is a Confucian virtue that has been embraced by the Japanese for centuries. Tange said he thought a great deal about making the new buildings and additions at the Institute complex "harmonious."

First, there was the problem of the ancestors: how to graft new wings of contemporary design onto a museum with Greek columns and giant slabs of granite without offending the old design.

Then there was the problem of making the buildings fit easily with the surrounding area—an area of homes and apartments that is trying to halt decades of decay and neglect.

For those on the inside, he attempted to harmonize or integrate the various activities. For instance, he didn't stack the four floors of the art school on top of each other. Offices, lecture rooms, studios and workshops are set at varying levels with a liberal use of interior glass walls and high ceilings to avoid the normal layered look of a four-story building.

The arts complex, Tange's first U.S. project, was supervised by Parker Klein Associates of Minneapolis, associates architects.

How successful Tange has been in creating a sense of harmony depends, of course, on each viewer's impressions and reactions to the buildings.

But the soft-spoken man with the white office has added an Oriental legacy to the complex And it has been done without a rock garden or carefully manicured miniature trees or a gracefully arched tile roof or single stone lantern.

THE THREAT OF ARAB OIL BILLIONS

Mr. MONDALE. Mr. President, I would like to submit for the RECORD a research report prepared by the Anti-Defamation League of B'nai B'rith concerning an often overlooked element in the crisis precipitated by the rise in oil prices. This issue is the threat not of oil blackmail, but of the political influence that will go with the acquisition by oil-producing States of billions upon billions of U.S. dollars. In a report entitled "The Threat of Arab Oil Billions: A Scenario of Disturbing Possibilities," Mr. Jerome Bakst analyzes how the "oil weapon" wielded almost exactly 1 year ago, could now turn into "money weapon." I believe that this analysis is well worth the Senate's attention and that it underscores the importance of an American energy policy and an American diplomatic effort that will preserve the independence of our foreign policy.

I ask unanimous consent that this article be printed in the RECORD, following these remarks.

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

THE THREAT OF ARAB OIL BILLIONS: A SCENARIO OF DISTURBING POSSIBILITIES

THE NEW ARAB "MONEY WEAPON"

The rapid and massive accumulation of billions of dollars in oil earnings by the Arab oil regimes poses a potential danger to the economic and political integrity of the United States and threatens likewise to alter the balance of forces on the American scene in a direction hostile to the welfare and security of the State of Israel.

To the "oil weapon" recently wielded by the Arabs for international diplomatic blackmail there is now added a new Arab weapon—the "money weapon."

In the wake of quadrupled prices for crude petroleum, the flow of dollars to the kings and sheikhs has been estimated at about $80 billion during 1974 alone, with accumulated earnings in their hands expected to reach about $400–$500 billion by the end of the 1970s.

New and major amounts of these oil dollars are scheduled to be or are already being invested by the Arab regimes in various sectors of the American economy—in undeveloped land, in developed real estate, in banks, in resort projects, and in other businesses and enterprises, as well as in short-term investments.

Arab investment in the American economy is expected to continue and to accelerate in the months and years ahead, aided by American banks and financial institutions hungry for funds and already in hot pursuit of Arab oil earnings. In a report on the subject published April 25, 1974, The New York *Times* said "the truly massive flows are yet to come."

The threat to the stability of the world monetary system, to the economies of both industrialized and under-developed oil consuming countries, and the danger of a world depression posed by the massive and continuing one-way flow of funds to the oil regimes have all been widely discussed in the public prints.

So has the arrival of Arab investment dollars on the American economic scene. Some government officials and commentators have viewed increased Arab investments in the U.S. as a welcome trend that tends to correct the imbalances and the one-way flow of funds that now exist and that are expected to continue as Europe, Japan, the poorer nations—and the United States—spend more and more money for imported Arab oil. These observers contend that it is economically desirable to "sop up" and "recycle" the incredibly large oil surpluses of the Arab regimes and other oil producing countries. Some even argue that Arab funds invested in the United States would be "hostage" funds and a protection, among other things, against more nationalization of American holdings abroad.

But other observers have pointed out that the Arab investments now being made in the U.S., and the massive investments they can make in the future, are not necessarily a blessing. *Dun's Review* recently said that "the prospect of the Arabs buying up $400 billion worth of the U.S. with their petrodollars is a sobering one."

Another publication catering to the business community, the *United Business Service* newsletter, said that "a major disadvantage" of Arab investments in the United States is that "we would be selling off pieces of America. . . ."

Far more ominous for the long-range concerns of the American Jewish community, however, is part of a report in the March 11, 1974 issue of Time magazine. Noting the Arab reputation for conservative investments, caution and secrecy, Time reported:

"Most experts are convinced that the Arabs will eventually move beyond such cautious investments to one that have more political clout. One reason: they genuinely, though wrongly, believe that U.S. support for Israel stems partly from a Zionist hammerlock on U.S. business and are eager to break it."

The recent Arab oil embargo, not to mention the quadrupling of posted prices for crude, demonstrated clearly the ability of the kings and sheikhs of the oil regimes to blend their economic self-interest with their political purposes. Now, the billions of dollars of oil profits reaped from the use of Arab oil as a so-called "political weapon" has given the oil regimes a monstrous new weapon—money.

MORE "LETHAL" THAN OIL

Last winter, the Los Angeles Times reported that "the Arabs . . . are fully aware that their rapidly mounting cash position is a more lethal international weapon than Arab oil—or maybe even than planes, tanks and guns." Arab governments and private investors are reported already to have placed more than $1 billion in the American economy and estimates for 1974 indicate that an additional $2 billion will be injected by them into the financial bloodstream of the United States.

While the Yom Kippur War was in progress, *Business Week* of October 20, 1973, reported that a year earlier—in 1972—Kuwait Investment Co., a public-private quasi-governmental institution, had an opportunity to buy 9,000,000 shares of the Gulf Oil Corp. that would have made Kuwait the second largest shareholder in the company—second only to the Mellon family itself. The Kuwaitis backed off and did not buy the stock at that time. But again, in its March 11 report, Time magazine noted that Kuwait was "considering buying a large chunk of Gulf Oil stock (from whom is not clear)."

More recently, just prior to Saudi Arabia taking 60% control of the Arabian-American

Oil Co., with Exxon, SoCal and Texaco reduced to 12% shares each, and Mobil to 4%, there were reports that the Saudis were considering purchase of large equity shares in the four companies themselves. While the reports were labeled "trial balloons" when they circulated during May, the same news reports pointed out that there were no existing legal barriers to such stock purchases by the Saudis and other oil sheikhdoms in the Persian Gulf. It was likewise made clear that Saudi Arabia will soon have more than $1 billion to invest abroad—*each month*—and that Kuwait, Abu Dhabi, Qatar and other oil-rich Arab regimes may well have an equal amount seeking world outlets.

One such report indicated that to buy 5% of Exxon's 250 million shares outstanding, at about $80 a share, would cost the Saudis about $1 billion—about the same amount they would have available from only one month's oil earnings. Chase Manhattan Bank, largest Exxon stockholder at the present time, has 3% of the company's outstanding shares.

The implications—both economic and political—of that kind of investing by the Arabs in the years ahead are obvious. What looms ahead on the horizon, only four or five years from now, perhaps even sooner, is the possibility of a pervasive, if not controlling, Arab influence in the American economy, whether in the oil industry itself, in real estate, in other sectors of the economy, or in banking and finance.

"POLITICAL CLOUT"

With pervasive Arab influence in the U.S. economy can come new "leverage" for the Arab kings and sheikhs—an ability to sway corporate policies and to influence the entire American business community, plus whole sectors of the American community that are oriented to the business community and dependent on it.

Given such "leverage," the Arabs would increasingly be in a position to exert the "political clout" referred to by Time in its March 11 report.

The Jewish community has already seen evidence of institutional "political" advertising and other efforts to sway U.S. Middle Eastern policy by corporations that have close ties to the Arabs—ads by some oil companies, for example, and public statements by top officials of others. That kind of corporate activity, aimed at influencing public opinion, has been an accepted fact of life in the United States and continues to this very moment. Example 1: the advertising campaign of privately owned public utilities against public ownership of utilities that was widespread in newspapers and magazines for many years—a campaign extolling the advantages and benefits to the public of "tax-paying, investor-owned gas and electric companies." Example 2: the current campaign of a domestic electric power company in favor of mining low-sulphur Western coal reserves on government-owned land and against environmental regulations viewed by the company as too restrictive on the burning of coal, to which the power company has a major commitment as a source of fuel.

DISTURBING POSSIBILITIES

As it grows, therefore, any pervasive Arab influence in American business and financial life can be reflected in corporate advertising by companies subject to Arab influence—advertising aimed at molding American public opinion. In turn, a growing echo of Arab and pro-Arab sentiment could well emerge in the editorial columns of newspapers both large and small across the country—newspapers in large cities receiving millions of dollars of such corporate advertising, newspapers in smaller cities where economic lifeblood and major employment might be provided by a corporate plant owned by an Arab-influenced company.

Moreover, with billions of dollars to spend or invest—directly or through intermediaries—Arab interests could find it easy to buy into, or buy up, book publishing houses, magazines, individual newspapers, and even groups of newspapers. They would likewise be in a position to buy into, buy up, or even launch opinion-molding organs at the very grassroots of America—suburban and rural weeklies, for example.

Equally serious is the danger that Arab oil billions could be used to hire the most able and sophisticated American public relations and advertising firms with the know-how to carry out massive campaigns aimed at directly influencing American opinion on a variety of subjects deemed important by the Arab regimes.

"POLITICAL FISH TO FRY"

Unlike other foreign investors in the United States, who are individuals and companies, the Arab oil billions now flowing here are controlled mainly by Arab governments or agencies those governments control—"a handful of governments with political fish to fry" as Gerald A. Pollock, a Senior Economic Advisor at Exxon Corp., put it in an article published by Foreign Affairs in its issue of April, 1974.

The Arab kings and sheikhs now amassing billions of dollars month by month have already demonstrated an interest in opinion-molding activity. In Lebanon, for example, New York *Times* columnist Cyrus Sulzberger has reported that "more and more Persian Gulf sheikhs has purchased newspapers" while in the United States, Arab determination to influence American public opinion was made altogether obvious during the recent oil embargo.

In that period, the League of Arab States published full-page advertisements in leading newspapers from coast to coast in an effort to sway American public opinion—and U.S. foreign policy—against further support for Israel. The ads—"A Message to the American People—More in Sorrow Than In Anger—The Arab Case for Oil and Justice"—appeared in such mass-circulation papers as The New York *Times*, The Washington *Post*, The Chicago *Tribune*, The Denver *Post*, The Seattle *Post-Intelligencer*, and The Los Angeles *Times*.

Other such advertisements were published in major American newspapers by Kuwait's Ministry of Finance and Petroleum, and in still other papers via insertions ostensibly paid for by the "Faculty and Staff of the University of Kuwait."

While the Federal Communications Act contains certain restrictions on ownership by aliens of radio and television stations, the legal problem is more complicated with respect to ownership of newspapers and magazines by foreigners. One legal study of the problem indicated that Federal legislation aimed at barring ownership of American newspapers and magazines by non-resident aliens could probably withstand challenge on the issue of constitutionality. The same study, however, indicated that legislation aimed at barring resident aliens from owning or investing in such publications could raise substantial constitutional questions.

CONCLUSION

Quite aside from the purely economic dangers posed by the billions in oil earnings now being amassed by the Arabs, the danger that some of those billions could be used by the oil regimes for a future and massive effort to influence U.S. public opinion is real enough. From the foregoing, it seems clear that the Arabs would have at least three options, or any combination thereof, open to them:

1. Indirect influence on U.S. opinion through investments in American corporations having large advertising budgets and often providing thousands of jobs for American workers in towns and cities around the country.

2. Direct efforts to influence U.S. opinion by hiring top American advertising and public relations firms for opinion-molding campaigns.

3. Less obvious opinion-molding activities carried out through newspapers and magazines operated by Arab resident aliens or by Americans financed by Arab funds made available to them directly or in circuitous fashion.

In the next five or six years, almost half-a-trillion dollars will be availabe to the Arab oil regimes. Even a miniscule portion of those billions utilized for opinion-molding in the U.S. could have a serious impact on American thinking down to the grassroots. The implications can be ignored only at peril to the special concerns of the American Jewish community and to the broad concerns of all Americans, Jewish and non-Jewish, who care for the economic and political integrity of the United States and the independence of U.S. foreign policy.

One economist has put the question this way: "Can the Mideast Purchase the Midwest?"

OBJECTION TO WAIVER OF RULE XXXVIII WITH REGARD TO NOMINATION OF JAMES DAY TO BE DIRECTOR OF MINING ENFORCEMENT AND SAFETY ADMINISTRATION

Mr. SCHWEIKER. Mr. President, my colleague, Senator ROBERT C. BYRD, announced last Friday that he will object to any unanimous consent request to waive paragraph 6 of rule XXXVIII of the Standing Rules of the Senate with respect to the nomination of Mr. Peter Flanigan to be Ambassador to Spain.

I wish to announce for the RECORD that I will object to any effort to waive paragraph 6 of rule XXXVIII with respect to the nomination of James Day to be Director of the Mining Enforcement and Safety Administration. I have clearly stated my opposition to the Day nomination on a number of occasions; his lack of professional safety training, and his insensitivity to vital mine safety issues clearly renders him unfit for this critical post. Moreover, at a time when mine labor and management are in the midst of contract negotiations, and mine safety is one of the central issues in these negotiations, it simply does not make sense to even consider a nominee to be MESA Director who is thought by most miners to be insensitive to safety issues.

Therefore, I will not agree to any unanimous-consent request to hold this nomination over during the Senate recess, and I will urge the President not to resubmit the Day nomination when the Senate returns.

GUARANTEE JOBS TO GUARANTEE A HEALTHY AMERICAN FUTURE

Mr. HUMPHREY. Mr. President, yesterday, I had the privilege of testifying before the Equal Opportunities Subcommittee of the House Committee on Education and Labor on the Equal Opportunity and Full Employment Act of 1976, S. 3947. This vital legislation, which I have introduced in the Senate along with Senators KENNEDY, HART, HATHAWAY, and METZENBAUM, and which Congressman AUGUSTUS HAWKINS has introduced in the House with 62 colleagues,