at half the ordinary rate up to a maximum of 35 per cent.

Investment capital traditionally has come from the savings that individuals invest in American business by purchasing securities. Because of low stock prices, unstable economic conditions, government crises, and high yields on savings and out-of-season home investments—large or small—are staying out of the stock market, and corporations are finding it difficult to raise the money they need.

The Securities Industry Association, made up of investment bankers and stock brokers, cites what it terms a "capital drought." The number of new stock issues that has dropped from 1,460 in 1972 to 440 last year. The number of new bond issues slipped from 470 to 248 in the same period.

Moreover, hundreds of billions of dollars in capital are "locked in" because stockholders are reluctant to sell them and thus become liable for the capital gains tax. The Treasury Department believes that between $333 and $558 billion in long-term investments are thus immobilized. This, in turn, reduces federal revenue because investors would rather hold on to their securities than face a tax that could amount to more than one-third of their profits.

There have been a number of suggestions for liberalizing the capital gains tax. One has caught the attention of some members of Congress and is being pushed by Chairmen Wilbur Mills of the House Ways and Means Committee. It calls for a sliding scale: The longer an investment was held, the lower the tax rate would be.

Mr. Mills has offered no specific figures. The Securities Industry Association, however, suggests a sliding scale ranging from 100 per cent when assets had been held for three months to 10 per cent for assets held 20 years or more.

S.I.A. estimates that for every billion dollars in securities unloaded by the sliding scale, the treasury would realize $200 million in additional tax revenue. Mills, however, the lower tax rates would encourage investors to shift their assets, thus making money available to new industries.

Inflation has made the present capital gains tax confiscatory. It devoured 27 per cent of any profit acquired over a period of 10 years; 10.5 per cent for the next 10 years; and 5 per cent for the next 10 years. Only the first $10,000 in capital earned, however, is currently taxed.

Men of power and prestige have been dis- graced; some have gone to jail, others may well follow. Some men have become rich—having made millions. But for the key man life has gone on unchanged.

The sliding-scale proposal for capital gains tax is the most promising we've seen. We also like a proposal by Mr. Mills to exempt from taxation any investment capital earned over a taxpayer's lifetime. This, we believe, would encourage lower income groups such as wage earners to participate in the free enterprise system and thus provide the capital that will be needed in the years ahead.

What Happened to the Cop Who Arrested the Watergate 5?

Mr. MONDALE. Mr. President, there can be no doubt that when the Watergate scandal is written, one of the most interesting and bizarre footnotes will concern the fact that, were it not for a series of fortuitous accidents, the complete story may never have come to light.

We may never have learned of the most sensational episode in our Nation's political history... If these people may never have realized how close we came to losing our freedom.

However, because a few individuals pursued their regular responsibilities with diligence, the full dimensions of what originally appeared to be an ordinary burglary have become clear.

Sgt. Leeper of the Washington Police Department is one such individual, whose routine duties led to the unraveling of the Watergate scandal.

In an excellent account of the part Leeper played in arresting the Watergate burglars, Fred Blumenthal, of Parade magazine, examines what he calls the "flukes" leading to Leeper's arrest of the Watergate robbers. Reading Blumenthal's article brings home the realization that the American people are, indeed, fortunate that men like Paul Leeper were on the job.

I ask unanimous consent that the full text of Fred Blumenthal's article entitled "What Happened to the Cop Who Arrested the Watergate 5?" be printed in the Record.

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

What Happened to the Cop Who Arrested the Watergate 5?

(By Fred Blumenthal)

WASHINGTON, D.C.—In the two incredible years since the Watergate burglars were arrested in the Democratic National Committee's headquar- ters in the Watergate Office Building, hundreds of lives have been irrevocably changed by that seemingly small event.

Men of power and prestige have been disgraced; some have gone to jail, others may well follow. Some men have become rich—having made millions. But for the key man life has gone on unchanged.

That man is Sgt. Paul Leeper of the Wash- ington Police Department.

It was Leeper on that fateful night, in the line of duty, who saw those burly car man, and the folk who sell their bodies for the thrill of the chase.

But Leeper and his men drove up quietly in their unmarked car, and walked casually into the building. The lookout across the street would have seen only a police car, and the Watergate burglars would have vanished.

Leeper is 35 years old, a 12-year veteran of the D.C. Police who served as a scout-car man and detective before moving over to the tac- tical squad, "which was the Watergate the political situation ...

"Our old clothes and ordinary cars make us look like a cop who used to chase the. His plan was to go home; get some sleep, and then celebrate Donna's birthday by taking her out to dinner. A baby-sitter had already been hired to care for the three Leeper daughters, Stephanie, 7; Tracy, 5, and Marsh 3 months.

Then came the burglary call to proceed to Watergate.

Donna might still have had her birthday party—and Watergate remained only the most promising we've seen. We also like a proposal by Mr. Mills to exempt from taxation any investment capital earned over a taxpayer's lifetime. This, we believe, would encourage lower income groups such as wage earners to participate in the free enterprise system and thus provide the capital that will be needed in the years ahead.

WHAT HAPPENED TO THE COP WHO ARRESTED THE WATERGATE 5?

Mr. MONDALE. Mr. President, there can be no doubt that when the Water-
Isn't a sixth one behind me with a .45 aimed at my skull? I turned around re-ty slow ly. But there wasn't.

Then the careful procedure has begun to pay off. Little Tracy Leeper read each man his rights as he was frisked. Later, Leeper read each of the five bothering to call him), any imperfection in the arrest routine might have ended the affair very quickly. (I knew we were really on to something when I saw that lawyer arrive to represent them wearing a $300 suit,” said another policeman later.)

The 2d District Police Station began to fill up. The FBI arrived. Higher ranking policemen rolled in, up to an assistant chief, who read the suspects their rights all over again. Everyone moved very slowly as the routine took control.

THOSE $100 BILLS
Each piece of property on the defendants was carefully logged in—excluding the now-famous $100 bill and the notebooks that were to lead to higher places.

A United States Attorney arrived to get a search warrant. It was 8 o'clock Saturday night—28 hours after going on duty—he was too bushed to take anyone anywhere. Since that long night, Leeper's life has gone back to the old, comfortable routine. His captain put him in for a citation, but the Awards Committee never issued one. He did appear briefly on television as a witness at the Senate hearings, and got a few letters.

As the bus passed the Watergate complex, Mr. Buckley, Ms. President, Human Events recently published an exclusive interview with John Barron, a senior editor of Reader's Digest. Mr. Barron, a former Naval intelligence officer and a specialist in the Russian language, is the author of the critically acclaimed new book "KGB: The Secret Work of Soviet Secret Agents." Mr. Barron dedicated 6 years of research and writing to this informative and important study of the Soviet secret police. I think that particularly at this time when, in the name of detente, there are so many efforts made in our own country to ignore or conveniently forget the KGB, the Human Events interview is especially noteworthy. It is my hope that the President will study and learn from Mr. Barron's definitive study of this sinister organization.

Mr. President, I ask unanimous consent that the full text of the interview with Mr. Barron be printed in the Record.

There being no objection, the interview was ordered to be printed in the Record, as follows:

INSIDE THE SECRET SOVIET POLICE

(John Barron)

The following questions and answers are from a recent, exclusive Human Events interview with John Barron, a senior editor of Reader's Digest. Mr. Barron, a former Naval intelligence officer and a specialist in the Russian language, is the author of the critically acclaimed new book "KGB: The Secret Work of Soviet Secret Agents." In addition to being acknowledged Kremmlinologist, Mr. Barron has received several top journalistic honors, including the Raymond Clepper Award, the crisp封装 Award, the Washington Newspaper Guild Front Page Award and the Newspaper Guild's grand award. With "KGB," Mr. Barron has focused on the mechanics and molst of the KGB, the multitudinous workings of the Soviet Secret Police. As he states in the book's preface, "... it is impossible to understand Soviet Union without understanding the KGB."

Q. How long did you work on the book?
A. More than six years. Commencing in April 1967, Reader's Digest colleagues and I spent some 20 months trying to determine whether we could assimilate enough original, verifiable data to justify a major book about the KGB. I began to devote myself entirely to research and writing in February 1969. The basic manuscript was completed early in 1973. Editorial revisions along with the frustrations of our legal team have extended the Legal Departments continued until August 1973.

Q. How did you go about gathering your information on defects, foreign intelligence, and so forth?
A. We compiled a list of all former persons who worked for the KGB. Since the list was still secret, the KGB had to be the source. We then set out to find and interview each of them. At the same time, we sought to enlist the assistance of the former officers' Intelligence and the intelligence services throughout the world. Additionally, we asked the foreign offices of the Digest to monitor literature and languages for relevant new information.

No definitive book about the KGB existed simply because no one ever had been able to tap such original sources. I was able to do so only because the Digest granted me carte blanche to travel wherever I felt necessary and placed enormous research resources at the disposal of the KGB.

Q. What sort of reception has the book received in the U.S.? In foreign countries?
A. The book received very favorable reviews around the country and sales are exceeding by far our most optimistic expectations. We estimate that the book has sold 350,000 copies in the U.S. and 50,000 copies abroad. Some of the most persuasive reviews have come from the New York Times, the Washington Post and the Washington Star-News. We are especially heartened by favorable commentary from internationally respected scholars and historians such as Trevor-Roper, Schonbrunn, Spector, Redwaddle and William C. Fletcher.

Interest abroad has equaled if not exceeded that in the U.S. Ford & Houghton Mifflin in London and a number of foreign publishers have been generous. Some of the most laudatory reviews have come from the New York Times, the Washington Post and the Washington Star-News. We are especially heartened by favorable commentary from internationally respected scholars and historians such as Trevor-Roper, Schonbrunn, Spector, Redwaddle and William C. Fletcher.

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