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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 buying securities. Because of low stock prices, unstable economic conditions, government crises, and high yields on savings and other fixed-income investments, investors—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 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 stock holders are reluctant to sell them and thus become liable for the capital gains tax. The Treasury Department believes that between \$233 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 profit.

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 Chairman 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, has suggested a 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 unlocked by the sliding scale, the treasury would realize \$200 million in additional tax revenues. More important, 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 and nearly 50 per cent of the profit earned on an investment held for 25 years. Add the tax and there is very little left. Many family businesses have to be sold when the owner dies merely to pay the capital gains tax.

Some self-styled reformers would do away with the capital gains tax entirely, and tax investment profits at the higher rate applied to ordinary income. This, they contend, would enable government to redistribute the nation's wealth from the haves to the have-nots.

This is the sort of nonsense that appeals to economic illiterates. Such a tax would destroy any incentive to invest risk capital. It would invite industrial stagnation, jeopardize our standard of living, and inevitably lead toward socialism.

The sliding-scale proposal for capital gains is the most promising we've seen. We also like a proposal by Mr. Mills to exempt from taxation the first \$10,000 in 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 help 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-

gate history 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 scandalous episode in our Nation's political history, and the American 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 looked like an ordinary burglary have become clear.

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

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 original Watergate burglars. 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 five burglars were arrested in the Democratic National Committee's headquarters 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—lawyers for example, and the folk who sell things like Watergate Bourbon, or bumper stickers reading "Free the Watergate 500."

But for the key man life has gone on unchanged.

That man is Sgt. Paul Leeper of the Washington Police Department.

It was Leeper who, in the line of duty, pushed the rock that tipped the boulders that started the avalanche that filled the valley. With two officers under his command, John B. Barrett and Carl M. Shoffler, he searched the Watergate Building at 2 a.m., June 17, 1972, after a night watchman became suspicious of a taped door latch.

BEYOND EXPECTATIONS

At the command, "Put up your hands and lean against the wall," Leeper and his comrades expected to see two grubby hands attached to a burglar in search of a typewriter or adding machine he might peddle for \$150 or so.

What they got were 10 hands, gloved in rubber, and attached to men in expensive suits with rolls of \$100 bills in their pockets. They were also carrying notebooks that connected them to men in the White House and the Committee for the Re-Election of the President, to be known ever after as CREEP.

The revelations that followed shook the White House, the Republican Party, both Houses of Congress, the country as a whole. As the avalanche grew, it ground down men who had been at the pinnacle of power: Haldeman, Ehrlichman. It brought notoriety to heretofore nameless toilers in the White

House back corridors—E. Howard Hunt, Egil Krogh and the rest. It threw up an instant folk hero (Senator Ervin), created overnight a Presidential possibility (Senator Baker).

But the man who started it all goes on as before, like a catalyst in a chemical reaction—a chemical entirely necessary to the reaction, but entirely unchanged by it.

SAME AS BEFORE

Leeper is still a sergeant, still second in command of the old clothes detail, or "bum squad," in Northwest Washington, going about in a beat-up car, wearing his old jacket with "George Washington University" written across it, and his go-to-hell gold hat, still protecting the lives and property of the citizens.

It was this very un-copish look, coupled with a very copish dedication to doing things right, that insured that Watergate would become a crucial event in American history. A point in time from which other events can be dated. "That was before Watergate, of course," someone will say, or "Well, since Watergate the political situation . . ."

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 tactical squad. There, by the nature of his assignment, his specialty has been street robberies, muggings and burglaries.

"Our old clothes and ordinary cars make us blend into the background," Leeper told Parade. "When somebody's about to pull off a crime, he generally takes a last look around. If he sees us he doesn't see anyone he's particularly afraid of; it gives us that extra step on him. We have a very high percentage of arrests."

One of the very first "victims of Watergate" was Leeper's wife Donna. She missed her birthday celebration. At 2 a.m., June 17, 1972, Leeper had already put in two hours of overtime and was about to call it a night. 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 Marsha 3 months.

Then came the burglary call to proceed to Watergate.

Donna might still have had her birthday party—and Watergate remained only the name of an office-hotel-apartment complex on the banks of the Potomac, except for several flukes. The first was the Squad Car 80, which would normally have responded to the call, was out of service temporarily. If Car 80, with "police" written all over it, had pulled up, the lookout across the street would have warned the five men via walkie-talkie, and they would have vanished.

But Leeper and his men drove up quietly in their unmarked car, found a legal parking spot, and walked casually into the building. The lookout (a former FBI man) watched them carefully—and decided that they were harmless civilians—probably repairmen.

The first time he realized there was trouble was when he saw Leeper's team, with drawn guns, searching the eighth floor, balconies and all. But by then, the inside men who were afraid its static would betray them, had turned off their walkie-talkie, and the lookout's warning went unheard.

Through the seventh floor and down to the sixth came the police, and the Watergate Five were trapped. Officer Barrett spotted an elbow behind a desk and the illegal entry was over.

But for Leeper, Barrett and Shoffler—and Donna waiting at home—the long night had just begun.

"Police work is mostly cut and dried anyway," says Leeper modestly. "A well-trained officer does what he must do automatically; any fear or questioning comes later.

"But I must admit that when I saw those 10 hands go up, I thought, 'Well, I expected one and I've got five; how do I know there

Isn't a sixth one behind me with a .45 aimed at my skull?" I turned around ve-ry slowly. But there wasn't."

Then the careful procedures began to pay off. Even though none of the officers knew what they had gotten hold of, they knew it was no ordinary \$150 typewriter snatch.

While the well-dressed burglars looked with some disbelief at the ragtag trio which had them under arrest, Leeper read each man his rights as he was frisked. Later, Leeper read all five the same statement of rights, including the right to contact an attorney.

"ON TO SOMETHING"

Considering the ramifications of the case, the powers who were involved and the kind of attorney who showed up (without any 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. Everything moved very slowly as the routine took control.

THOSE \$100 BILLS

Each piece of property on the defendants was carefully logged in—including the now-famous \$100 bills and the notebooks that were to lead to higher places.

A United States Attorney arrived to get a search warrant for the two hotel rooms four of the five were occupying, and to find a judge to sign it. Then all the property in the hotel rooms had to be logged in with care.

Every few hours Leeper would call his wife and explain that he'd be home "soon." That "soon" stretched into all night and most of Saturday. When Leeper finally made it home at 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.

Some were from old friends from his hometown, Fairmont, W. Va., now scattered around the country. There were a few requests for autographs, and a series of letters from someone in Kentucky urging him to read the Bible and fight corruption in government. (Leeper, as it happens, is, and always has been, a member of the Church of Christ.)

A CRYING SHAME

Around the station house, even the kidding from his fellow officers has quieted down, or shifted to the topic of why his team in the police softball league finished only second in the city championship.

But when Leeper is not around, his fellow cops feel rather strongly about what they consider his lack of recognition. "It's a crying shame that he wasn't named Policeman of the Year, not only for the city but for the whole country," says Detective Sgt. Anthony Rogers of the 2d District.

A NEW HOME

Leeper, since the Watergate night, has received an \$800 yearly raise—but he was due that anyway. He has moved to a new home in suburban Maryland (as planned) and fights an endless war against the dandelions (not foreseen). He goes about his work happily, as he always has, proud to be a policeman.

He has had to explain to his older daughters what Watergate is—they had pictured it as an enormous gate with water pouring out.

And there came a point in time when the anonymous hero of Watergate was helping

take his daughter's kindergarten class to the Smithsonian Institution's museums.

As the bus passed the Watergate complex, the teacher pointed it out and explained, "That's where it all began." Little Tracy Leeper looked up at her father and grinned. He smiled down at her, as the bus, like his life, rolled quietly on.

KGB: THE SOVIET SECRET POLICE

Mr. BUCKLEY, Mr. President, Human Events recently published an exclusive interview with John Barron, a senior editor of Reader's Digest and author of "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 détente, 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 Congress and 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 SOVIET SECRET POLICE

(By 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 Kremlinologist, Mr. Barron has received several top journalistic honors, including the Raymond Clapper Award, the George Polk Memorial Award, the Washington Newspaper Guild Front Page Award and the Newspaper Guild's grand award. With "KGB," Mr. Barron has focused a long overdue spotlight on the devious workings of the Soviet Secret police. As he states in the book's preface, "... it is impossible to understand the 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 amass 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 documentation process by our Research and Legal Departments continued until August 1973.

Q. How did you go about gathering your information on defectors, foreign intelligence, and so forth?

A. We compiled a list of all former personnel of the KGB and its satellite services known to be in the West. Then we set out to find and interview each of them. At the same time, we sought to enlist the assistance of non-Communist security services throughout the world. Additionally, we asked the foreign offices of the Digest to monitor literature in 13 different 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 my disposal.

Q. What sort of reception has the book received in the U.S.? In foreign countries? Have the Soviets reacted to it in any way?

A. The book remains on best-seller lists around the country and sales are exceeding by far our most optimistic expectations. We now are in a fifth printing and the publisher calculates that several more will be required to meet demand projected for the rest of the year.

The Book-of-the-Month Club is offering *KGB* as an alternate in July and three other clubs have chosen it as a main selection. Liberal and conservative critics alike have been generous. Some of the most laudatory reviews have come from the *New York Times*, *Newsweek*, the Columbia Broadcasting System, the *Washington Post* and the *Washington Star-News*. We are especially heartened by favorable commentary from internationally respected scholars and historians such as Hugh Trevor-Roper, Leonard Schapiro, Peter Reddaway and William C. Fletcher.

Interest abroad has equaled if not exceeded that in the United States. The semi-official Egyptian newspaper *Al Ahran* in an editorial March 15 called attention to the book and stated that it was being discussed by Arab leaders. *KGB* will be published throughout the British Commonwealth in June.

In response to offers from foreign publishers, we presently are negotiating contracts for publication in German, French, Spanish, Japanese, Hebrew, Turkish, Dutch and Norwegian. Several foreign newspapers are serializing the book.

Q. In brief, what is the KGB and what sort of danger does it represent to the West?

A. The KGB is an essentially clandestine apparatus which performs the functions of a secret political force within the Soviet Union and a variety of predatory, covert functions abroad. It is the one organization upon which Soviet leaders most rely to enforce their rules over the Soviet people and expand their rule over other peoples.

Each of the foreign activities of the KGB—espionage; subversion; support of civil disorders and terrorism; manipulation of agents of influence to affect the policies of other nations; the poisoning of public opinion through deceptions; preparations for sabotage and assassination—each of these by itself represents a menace and an unacceptable form of international conduct. But the real threat posed by the KGB derives from its orchestration of all such activities into a systematic, implacable, clandestine campaign to decompose other societies in hope that they can eventually be reconstructed in Soviet interests.

Q. How successful has the KGB been in its far-flung operations?

A. A definitive answer to that question could come only from someone who knows all the KGB has done and is doing. Doubtless, even in the Soviet Union there are very few such people. But on the basis of operations that have been uncovered, some assessment is possible.

The greatest achievement of the KGB consists of its continuing subjugation of the Soviet people. This always has been and remains the foremost mission of the KGB. In foreign operations, the KGB has been highly successful in stealing the scientific, technological and military secrets of the Western industrial nations.

During the 1960's serious KGB penetrations of West German and British intelligence as well as our own National Security Agency were detected. Sundry KGB disinformation operations certainly have contributed to the ongoing vilification of the United States around the world.

The KGB during the 1960's thoroughly in-