two pistols, six rifles, four long-barreled shotguns and a .30-caliber military carbine.

The gang's last encounter with the law occurred Sept. 21, the day after Richardson pleaded guilty in federal court on the narcotics charges. Police officers stopped Richardson's car on a traffic violation and discovered three felons, Mrs. Tucker, a bag of heroin and plastic syringes in the car.

Authorities said Mrs. Tucker was carrying two fully loaded .38-caliber revolvers beneath her armpits. Richardson tried to grab one of the revolvers, but was prevented from doing so by a policeman.

Oct. 16 Richardson finally was placed behind bars after being sentenced to 20 years in a federal prison. Cox still was confined after his May 9 arrest for the Southgate bank robbery.

Mrs. Rita Mae Dearborn was placed on probation Dec. 1 for five years with the provision that she remain out of Kansas City. Feb. 5 this year Dearborn was sentenced to 28 years and Mrs. Tucker received a 7-year sentence. Miller, who handled the Kansas City, Kansas, end of the narcotics operation, was sentenced to a 17-year term Feb. 23. Cox received 15 years the same day and Mrs. Richardson was sentenced to a 3-year term.

Others in the gang received varying sentences. Froniabarger, who jumped bail, still faces sentencing.

GROWTH AND INFLUENCE OF NATIONAL SECURITY COUNCIL

Mr. FULBRIGHT. Mr. President, several articles in the press recently have discussed the growth and influence of the National Security Council, and more specifically, Dr. Henry Kissinger, who controls the NSC, but not under the title of Executive Director. I, along with others, have raised the question of the wisdom of extending the immunity for accountability to the Congress, under the guise of Executive privilege to those in the White House, such as Dr. Kissinger, who appear to have the greatest influence upon the formulation of our foreign policy. This is a matter of fundamental importance to the conduct of our foreign relations, and in order to make clear the position of the Committee on Foreign Relations as well as the White House, I ask unanimous consent to have printed in the RECORD my letter of February 10, 1972, to Dr. Kissinger, and the reply thereto of February 28, 1972, signed by Mr. John W. Dean III, counsel to the President.

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

THE WHITE HOUSE,
Washington, D.C., February 28, 1972.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will acknowledge receipt and thank you for your letter to Dr. Henry A. Kissinger dated February 10, 1972, which in his absence has been referred to me for response.

Consistent with long established principle and precedent, because of Dr. Kissinger's position as a member of the President's immediate staff he will be unable to accept your gracious invitation to appear before the Committee on Foreign Relations.

However, please be assured that we share your belief that the Executive and Legislative Branches should exchange views on foreign policy, and we are confident that such exchange can be carried out to the fullest extent by the constituted officers of the Executive Branch.

With warm regard.

Sincerely,

JOHN W. DEAN III,
Counsel to the President.

U.S. SENATE,
Washington, D.C., February 10, 1972.

Hon. HENRY A. KISSINGER,
Assistant to the President for National Security Affairs, The White House, Washington, D.C.

DEAR HENRY: In view of the wide public exposure you have received as a result of your recent press and television briefings, I wondered whether you might wish to reconsider your earlier reluctance to appear before the Committee on Foreign Relations. I doubt that the Founding Fathers contemplated that the Executive and Legislative branches should exchange views on foreign policy by reading press accounts.

Sincerely yours,

J. W. FULBRIGHT,
Chairman.

THE "VAT" TAX AND EXPORTS

Mr. HARTKE. Mr. President, it is common knowledge that the Nixon administration is considering the imposition of a value-added tax as a new source of revenue and a possible substitute for the real property tax. At the time of the introduction of my bill to provide a tax credit for education (S. 3322), I noted that the VAT tax is a regressive tax which will hit low- and moderate-income consumers the hardest.

In defense of VAT, some have claimed that it will aid American exports on the international market. But the impact of VAT is unpredictable. It may not help our exports, and it should not be imposed with that purpose in mind.

Mr. President, I ask unanimous consent that an article published recently in the Washington Post be printed in the RECORD. I believe that it represents a rational discussion of this one aspect of the value-added tax.

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

IMPACT ON TRADE IS UNPREDICTABLE—VAT AS AN INCENTIVE TO EXPORTS—A SHAKY BELIEF

(By Philip H. Trezise)

In floating the idea of a value-added tax (VAT) as a partial substitute for local property taxes and as a source of school revenue, the administration has opened the issue for serious discussion, which is to the good. Whether a national tax on consumption is a desirable way to raise funds for education or, for that matter, for other purposes, is surely a proper subject for national debate. But we should not be diverted by the repeated assertion that such a tax is also needed to help our international trading position.

No matter what some of our businessmen have come to believe about the "unfairness" to us of the VAT, as it operates in Europe, a national sales or consumption tax cannot be justified as a way to improve the U.S. trade accounts. Indeed, it is not even clear in which direction such a tax would work so far as our external trade is concerned.

Once more, we need to be sure what the issue is, it is true that some European countries levy a VAT on a wide range of goods and are allowed by the international trade rules to collect the same tax on imports and to rebate it on exports. We also have state sales and federal excise taxes which are imposed on imports and are not collected on exports. These taxes are not the same as customs duties or export subsidies. The benefits to the trade account from them, if any, depend on who in fact pays the taxes.

The argument for believing that our trade will benefit from a VAT is a rather simple one. The idea is that a general sales or consumption tax cannot always be passed on in its entirety to the home market consumer, because competitive conditions sometimes will not permit. When this happens, the producer absorbs part of the tax and in consequence accepts a lower rate of profit on his domestic sales. In that circumstance, he has an incentive to export, since the tax is then rebated to him and he can more nearly fulfill his profit expectations. Note that when the tax is wholly passed on to the consumer, the export incentive does not exist.

Should we expect that American producers will be required by domestic market conditions to absorb some of a VAT in their domestic sales and thus be induced to export more? One clue at least is that at present we find it necessary to apply controls over most of these same goods so as to restrain upward pressures on their prices. It is certainly not crystal clear why we should suppose that producers, who must be prevented by the application of federal power from raising prices, would find it impossible or even difficult to pass on to consumers, and in full, a national sales tax, which they could perfectly legitimately do.

In Holland a few years ago a VAT was imposed at a time of strong inflationary pressures. Prices rose by more than the VAT rate and the Dutch had to impose a general freeze to keep them in check.

The point is that the impact on trade of a VAT is not predictable and can, as in the Dutch case, be perverse. In our current economic situation, the assumption must be that at best a VAT would not help exports and, if the price controllers were not alert and effective, might hurt them by pushing prices up by more than the amount of the VAT.

Even if one assumes different competitive conditions, and widespread absorption of a part of a VAT by producers, skepticism about the trade effects would be warranted. Reports from the White House are that the VAT being considered would raise revenues of $16 billion. This would imply a tax rate of about 3 per cent on a broad base, or, with probable exemptions, perhaps 5 per cent. (VAT rates in Europe, by comparison, range upward from 11 per cent.) Rates of this kind, reflected in consumer prices as they mostly would be, would have some predictable and lively responses at home. But worked through to the international trading arena, they could not amount to significant export incentives.

More fundamentally, we do not need to go to a VAT or to other devices of the sort for trade or balance of payments reasons. The Group of Ten finance ministers agreed at the Dec. 18 Smithsonian meeting that "discussions should be undertaken promptly to consider reform of the international monetary system over the longer term" and that "attention should be directed to . . . means of establishing a suitable degree of flexibility [in the system]." This prescription is the valid one for our government, which must have had a large role in drafting it.

A sufficiently flexible monetary mechanism would assure that changes in national competitive positions, whether induced by tax changes or by other causes, would be reflected promptly in exchange rates, that is, in the international prices of national currencies. Any trade gains or losses from changes in tax systems would be quickly eliminated by changes in exchange rates. Surely, if we continue to believe in the vir-