

when Press was science adviser he "strived particularly hard to protect the objectivity" of OSTP.

Although Prager cited a number of concerns about the quality and political usefulness of academy reports, he said "it is my perception that the National Academies of Science and Engineering have, overall, done an excellent job . . . but that the Institute of Medicine has yet to attain its full potential." He added that changes being made by the new president, Samuel Thier, are encouraging. For example, Thier aims to provide expert advice on major issues within 6 months of receiving a request (a new AIDS policy study is an example), and reports that IOM recently gave advice to the Food and Drug Administration on two issues within a week of being asked. In addition, the institute is looking into new ways of disseminating its findings, including the use of instructional video tapes and popular books." ■

ELIOT MARSHALL

## DOD Backtracks on Grants to SDI Critics

Apparently in response to internal and external criticism, the Department of Defense has officially disassociated itself from views recently expressed in *Science* by Donald Hicks, the under secretary of defense for research and engineering. In an interview reported on 25 April (p. 444), as well as a congressional hearing last July, Hicks indicated that academics who are publicly critical of the President's "Star Wars" program will have a tough time receiving future Defense Department funding.

"If [the opponents] want to get out and use their roles as professors to make statements," Hicks told *Science*, "that's fine, it's a free country. [But] freedom works both ways. They're free to keep their mouths shut . . . [and] I'm also free not to give the money." His remarks subsequently generated some heated criticism from officials of the American Physical Society (APS), as well as a handful of university officials. "Everybody was upset by this," said one Pentagon research official. "It was a bit embarrassing."

Responding to requests from several newspapers for an official comment, the Department of Defense office of public affairs prepared a statement affirming that Hicks was accurately quoted. "However, it must be understood that he was speaking hypothetically," the statement said. "It is not DOD policy to review researchers' opinions prior to awarding them contracts. This is

not written or unwritten policy. Awards to researchers are made strictly on a merit basis. The reporter for *Science* and the congressional committee members had asked for Dr. Hicks's hypothetical opinion, which he provided to them."

In the initial interview, Hicks was asked whether he was expressing his personal opinions or outlining a new policy. He replied that "there's no edict, there's no regulation," but that in the future, researchers' views on SDI will indeed be "one of the elements" that he considers in final deliberations on academic grants, particularly "for someone who is not vital" to the department's needs. He affirmed this in a telephone conversation on 9 May, several days after the official DOD statement was released.

"What I said is not DOD policy, and probably never will be for political reasons," Hicks explained. "I was just explaining what I would do. But I don't have the final say in any of this. I don't have total control." Hicks added that in the circumstance described, he will indeed recommend internally that no Pentagon funding be provided to vocal SDI critics, "and that may carry some weight. . . . A person whose name had been up in the press might not get any money." But Hicks added that he has "no idea" if his views will actually carry the day.

Appraised of the DOD statement, Robert Parks, a physicist at the University of Maryland who directs the Washington office of the APS, says that "even if the Pentagon issues some kind of retraction, it has still cast a chill over public debate" on the controversial missile defense program. The public, he adds, "is entitled to hear the experts debate the issues freely without bribery or coercion. Why people who set themselves up to defend us from the Soviets keep trying to do it by emulating the Soviets is something I've never quite understood." ■

R. JEFFREY SMITH

## Senate Tax Bill Draws Few Protests From Research Community

The research community has emerged from the Senate Finance Committee's tax reform wranglings nicked, but in relatively good shape. The far-reaching legislation, passed unanimously by the committee on 7 May, while lowering personal income rates to 27% and corporate rates to 33%, slightly tempers the climate for research in both the academic and industrial sectors. Still, the

legislation, which is expected to be taken up by the full Senate in June, appears to be acceptable to a broad spectrum of academe and industry.

The R&D tax credit would be extended for 4 years at the current rate of 25%. The definition of research is to be altered under the legislation and university-based research will be encouraged. Specifically, it would allow industry to claim a 20% credit on top of the base credit for the first year of a new research endeavor with a university.

Capital gains treatment under the legislation calls for taxing profit on investments at the top personal rate of 27%. This is expected to dampen investor enthusiasm for high-risk companies. "It's going to be more difficult now to raise venture capital," says Robert A. Ragland, assistant vice president for taxation at the National Association of Manufacturers. But he notes that if the Senate bill eventually becomes law "venture capital will continue to flow." Indeed, Linda I. Miller, an analyst with Paine Webber, Inc., says there "still will be considerable interest" in high-technology and biotechnology ventures.

The proposal to drop the investment tax credit will be missed by industry says Ragland, but to varying degrees, depending how individual companies fare under the lower tax ceiling—33% versus 46%. Yet another factor that may soften the impact of the loss of this 10% credit are tweaks in accelerated depreciation schedules. Semiconductor manufacturing equipment would be depreciated over 3 years. Research and experimentation property would be depreciated over 5 years through 1989 and on a 3-year basis thereafter.

The Senate would continue to allow states to raise student loan money through the use of tax-free industrial development bonds (IDB's). The Senate bill provides that IDB's may continue to be used to finance university-industry research facilities, so long as royalty rates are not fixed in advance on resulting technology.

With respect to scholarships and fellowships, the Senate retains current law. Legislation proposed by the House would make taxable the balance not required for tuition and equipment. On another front, the value of faculty housing would be excluded from a professor's gross income so long as the annual rent exceeds 5% of the property's appraised value. Unaffected by the legislation is the faculty retirement plan used by much of academe. Earnings on investments by the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF) retain nontaxable status, as provided under current law. ■

MARK CRAWFORD