courses the Nation will follow to meet the challenge of these serious and dangerous times.

AID TO CONSTITUENTS

Being a member of the powerful House Ways and Means Committee, Pennsylvania Democratic House whip, and having high seniority in the Congress have all contributed to my successful efforts in assuring that our Sixth District receives the full benefits of Federal assistance programs.

My district offices in Reading, Pottsville, and Sunbury are open to render every possible service to constituents. All citizens who seek our assistance are welcome. Due to the recent redistricting the Sixth Congressional District will no longer include Northumberland County. It now comprises only Schuylkill and Berks Counties.

HOUSE OF REPRESENTATIVES

FRIDAY, SEPTEMBER 30, 1966

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

He that loveth not, knoweth not God; for God is love.—I John 4: 8.

God of our fathers and our God, to Thee do we come in prayer, lifting our minds and hearts into Thy holy presence. Assure us that Thou art with us and that we have a real place in Thy heart and in Thy endeavors to bring righteousness and peace and good will to our world. We know that we are all too imperfect and that we have offended Thee time after time—yet we believe that Thou art with us, loving us with a love that never lets us go and never lets us down. In Thy love we would live, by Thy love we would learn, and through Thy love we would find light for our day.

May we be our loving best as we face the tasks of this day. In the Master's name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3807. An act to amend Public Law 89–428 to authorize the Atomic Energy Commission to enter into a cooperative arrangement for a large-scale combination nuclear power-desalting project, and appropriations therefor, in accordance with section 261 of the Atomic Energy Act of 1954, as amended.

The message also announced that the Senate disagrees to the report of the committee of conference on the disagreeing votes of the two Houses and further insists upon its amendments to the bill (H.R. 15941) entitled "An act making appropriations for the Department of Defense for the fiscal year ending June 30, 1967, and for other purposes."

The message also announced that the Senate disagrees to the amendments of the House of Representatives to Senate amendments Nos. 10, 13, and 27, and further insists upon its amendments Nos. 10, 13, and 27 to the above-entitled bill.

The message also announced that the Senate further insists upon its amendments Nos. 5 and 24, disagreed to by the House of Representatives, to the above-entitled bill.

CALL OF THE HOUSE

Mr. HALL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 321]

Abbitt	Fisher	Moss
Abernethy	Flood	Murphy, N.Y.
Adair	Ford, William D.	Murray
Albert	Gathings	Nedzi
Anderson, Tenn.	Gettys	Nix
Andrews, George W.	Gray	O'Brien
Andrews, Glenn	Grider	O'Konski
Ashley	Gross	Olsen, Mont.
Aspinall	Gubser	O'Neill, Mass.
Bolling	Hagan, Ga.	Pirnie
Bolton	Hamilton	Poage
Bow	Hanna	Pool
Brademas	Hansen, Idaho	Powell
Brown, Calif.	Harvey, Ind.	Purcell
Buchanan	Hawkins	Race
Cabell	Hays	Rees
Callaway	Hébert	Reid, Ill.
Cameron	Hosmer	Reinecke
Carter	Jacobs	Robison
Casey	Johnson, Okla.	Rogers, Tex.
Celler	Jones, Mo.	Ronan
Cohelan	Keogh	Roncalio
Cooley	King, N.Y.	Rooney, Pa.
Corman	King, Utah	Roybal
Craley	Kluczynski	Scott
Curtin	Landrum	Selden
Daddario	Leggett	Stephens
Dague	Long, La.	Thomas
Davis, Ga.	Long, Md.	Thompson, Tex.
Denton	McClory	Todd
Derwinski	McDade	Toll
Dickinson	McEwen	Tupper
Duncan, Oreg.	McVicker	Tuten
Dyal	Mackay	Utt
Edwards, Calif.	Mackie	Vanik
Edwards, La.	Martin, Ala.	Walker, N. Mex.
Evans, Colo.	Martin, Mass.	Weltner
Feighan	Minshall	Whitten
Fino	Monagan	Willis
	Morrison	Wilson, Charles H.
	Morse	Wright

The SPEAKER. On this rollcall 310 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SUSPENSIONS OF INVESTMENT CREDIT AND ACCELERATED DEPRECIATION

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1036 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1036

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17607) to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No other amendment in the nature of a substitute recommended by the Committee on Ways and Means now printed in the bill and such substitute shall be considered as having been read for amendment. No other amendment to the bill or committee amendment in the nature of a substitute shall be in order except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary, notwithstanding, but such amendments shall not be subject to amendment. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH] and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1036 provides for consideration of H.R. 17607, a bill to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property. The resolution provides a closed rule, waiving points of order, with 4 hours of general debate, making it in order to consider the committee amendment in the nature of a substitute.

H.R. 17607 is designed to moderate the pace of the economy to a more sustainable level of economic growth. The bill, together with other features of a coordinated anti-inflationary program of the administration, is designed to restrain inflationary forces by moderating economic activity in those sectors of the economy where inflationary pressures are the strongest. The primary features of the bill directed at this result are the suspension for approximately 16 months of two tax incentives for investment in plant and equipment and other investment property; namely, the 7-percent investment credit, and, in the case of buildings not eligible for the credit, accelerated depreciation. By temporarily removing these incentives for business investment, the bill, and the other parts of the program, also will ease pressures in the money market, thereby promoting a greater flow of credit into the home mortgage market.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

The bill temporarily suspends the investment credit for the period from September 9, 1966 through December 31, 1967. It also suspends the use of accelerated methods of depreciation with respect to buildings which are constructed or ordered during the suspension period.

Mr. Speaker, I urge the adoption of House Resolution 1036 in order that H.R. 17607 may be considered.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Missouri.

Mr. HALL. Mr. Speaker, can the gentleman assure the individually elected Members of this House of Representatives that the Ramseyer rule and the resulting exorbitant cost of printing is the only reason for making this a tightly shut and completely closed rule, not only as to points of order and waiver thereof, but the prevention of any intervention, and also as I understand it, a lack of amendment or privileges of the House under the 5-minute rule?

Mr. SISK. Yes, I can assure the gentleman, based upon the best information I can obtain. I also discussed this with the chairman of the committee [Mr. MILLS]. He assured me there is nothing in the bill itself that is subject to points of order, that this is the only reason.

Mr. HALL. Mr. Speaker, if the gentleman will yield further, I undertsand that, as far as waiver of points of order is concerned. But this bill also tightly closes the prerogatives of the individually elected Members—and we have been establishing this legislative record during this entire session as it occurs more and more frequently, this also precludes discussion under the 5-minute rule and offer of amendment by individual Members.

Mr. SISK. This is true. As my colleague knows, this is generally in line with the rules dealing with tax matters. As I say, so far as I know there has been no exception to this, at least certainly in recent years, because regardless of the differences of opinion, it is generally felt that this is a more expeditious way to handle a matter of this kind. It is a completely closed rule. Amendments by the committee only will be in order. I understand possibly there will be a committee amendment offered, but there will be no pro forma amendments.

Mr. HALL. Will the gentleman advise me, Mr. Speaker, as to whether or not, if a committee amendment is offered, it will be subject to discussion under the 5-minute rule, or whether a separate vote might be called upon that committee amendment?

Mr. SISK. I will be glad to yield to the gentleman from Arkansas, the chairman of the Committee on Ways and Means, to answer that question.

Mr. MILLS. Mr. Speaker, does the gentleman from California yield?

Mr. SISK. I will be glad to yield to the gentleman from Arkansas, the chairman of the Committee on Ways and Means [Mr. MILLS].

Mr. MILLS. Mr. Speaker, this rule, as it was read, without amendment, would preclude a separate vote on any committee amendment.

The gentleman from Wisconsin and I asked the Rules Committee to have an amendment, which I understand the gentleman from California proposes to offer to the rule, which would restore the right of a separate vote on any amendment offered by the committee.

That amendment would be subject to discussion, 5 minutes for and 5 minutes against. That would be true of any such amendments.

Mr. HALL. Mr. Speaker, would it be subject to amendment by any individual Member?

Mr. MILLS. No. Under the rule it would not.

Mr. HALL. If the gentleman will yield further, I appreciate the answers by both gentlemen. I am not at all sure that it is within the prerogatives, albeit a tradition, for committees to obviate the rights of individual Members of the House, and to preclude discussion on these tightly closed rules, even though the matters involved are tax matters. I certainly appreciate the saving of printing under the Ramseyer rule, but on the other hand I believe a legislative record should be established toward the end of eventually getting away from the procedure of preventing the exercise of rights by individual Members.

Mr. SISK. We have done this many times.

Mr. HALL. May I ask this final question of the gentleman handling the rule: Was this done in the wisdom of the Committee on Rules itself, or was it requested by the committee?

Mr. SISK. This proposed rule was requested by the committee in line with their traditional procedure on amendments dealing with the tax code. Of course, the Committee on Rules, in its wisdom, has found it advisable to go along with the recommendations of the Ways and Means Committee, which generally, as I understand it, have been pretty well unanimous in this area.

Mr. HALL. I thank the gentleman. I doubt very much if this has been unanimous. I certainly reserve the right to make an objection or to call for a vote on this, as a matter of principle, at any time.

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. SISK. I am glad to yield to the gentleman from Arkansas.

Mr. MILLS. It was a decision made within the Ways and Means Committee. For the information of the gentleman from Missouri, the gentleman from Missouri [Mr. CURTIS] has normally—and did in this instance, I believe—opposed the idea of a closed rule. The gentleman from Wisconsin [Mr. BYRNES] and I were instructed by the committee to go to the Rules Committee and to ask for a closed rule. The vote was not unanimous, but a great majority instructed us to do it.

Mr. HALL. I want to assure the gentleman from Arkansas that I still believe in majority rule just as thoroughly as I believe in the rights of individually elected Members of Congress. I just wanted to make this point for the RECORD. I reserve the right to act accordingly.

I thank the gentleman for yielding.

Mr. SISK. Mr. Speaker, I thank the gentleman for his comments.

The primary purpose of the bill which will be considered if this rule is adopted is to moderate the pace of the economy to a more sustainable level of economic growth.

Mr. Speaker, it is my understanding that under the time allowed there would be ample time for the committee to discuss the various ramifications of this proposal.

So, Mr. Speaker, at this point, in order to have the resolution before the House as amended, I ask unanimous consent that the resolution be amended on page 2 at line 13, after the word "adopted," to strike out the remainder of the line and to insert the following language: "and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee amendment in the nature of a substitute. The previous question".

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. CURTIS. Mr. Speaker, reserving the right to object, I would ask the gentleman to put it to the House in the form of a motion, because I am against this which I regard as disorderly procedure. We can go ahead and put it to a vote. I cannot stand here and let this go through by unanimous-consent request, so, Mr. Speaker, I object.

The SPEAKER. Objection is heard.

AMENDMENT OFFERED BY MR. SISK

Mr. SISK. Mr. Speaker, I offer an amendment:

The Clerk read as follows:

Amendment offered by Mr. SISK: On page 2, line 13, after the word "adopted," strike the remainder of the line and insert the following language: "and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee amendment in the nature of a substitute. The previous question".

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

Mr. SISK. Mr. Speaker, I urge the adoption of the resolution as amended and reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, House Resolution 1036 does provide for 4 hours of debate on a closed rule waiving points of order. We were requested by the chairman of the committee and the ranking minority member to waive points of order because of the necessity of printing under the Ramseyer rule. We closed the rule for the simple reason that it would open up the entire Internal Revenue Code if we did not and we might not get out of here until after election if we started to do that. That is why we had to have an amendment to have a separate vote on a committee amendment or others offered.

The purpose of the bill is to suspend for 16 months—until December 31, 1967—two tax incentives for investments in plant and equipment and other properties. These incentives are: First, the 7-

percent investment credit, and, second, in the case of buildings not eligible for such credit, the accelerated depreciation provisions of the Internal Revenue Code.

The bill temporarily suspends the 7-percent investment credit for the period from September 9, 1966, through December 31, 1967. The suspension does not apply to investments of up to $15,000 made during the suspension period. This exemption is to assist the small businessman. Nor will the suspension apply to property acquired or constructed pursuant to a contract binding on the taxpayer at all times after the beginning of the suspension period.

The bill also suspends the use of the accelerated method of depreciation with respect to buildings—not eligible for the investment credit, during the period of suspension. This means that depreciation on such buildings must be computed under the straight line or declining balance methods rather than the double declining balance method currently permitted.

It is also provided that beginning January 1, 1968, the amount of investment credit which may be claimed in any taxable year is an amount equal to the entire tax liability up to $25,000 plus 50 percent in the excess of that amount. The current law permits the investment credit provisions to apply to the first $25,000 of the tax liability plus 25 percent of the excess. The bill also extends the period in which unused investment credits may be carried forward from 5 to 7 years.

There are concurring views signed by three members. They support the bill as a step in the right direction, but point out that no amount of tax juggling will be successful unless there is an honest effort by the administration to restrain Government spending.

Five members have submitted dissenting views. They point out that the level of domestic spending has increased from about $46 billion in fiscal 1965 to more than $58 billion in fiscal 1967. In the same period, defense spending including Vietnam has increased from $50 billion to $61 billion, and the chairman of the Appropriations Committee has stated that a $15 billion supplemental is to be expected.

During this period, increases in the cost-of-living index have exceeded any period in the last 10 years.

They point out that the President has stated that the administration will reduce Federal expenditures $3 billion in fiscal 1967 as a part of his anti-inflationary program. Administration witnesses refused or were unable to point to any reductions specifically when testifying before the Ways and Means Committee.

The members note that until recently Secretary Fowler had continually stated that suspension of the investment credit was an inappropriate remedy to combat inflationary pressures in the economy due to the delayed effect of such a suspension. They quoted him on page 44 in the report as to the undesirability of such a delayed impact in late 1967 or 1968, and point out that the bill as reported could have precisely this effect. They also point out that business taxpayers who heeded the President's request for restraint in investments are now to be penalized by loss of these two tax incentives, while those who disregarded the request will receive the tax benefits.

These members indicated their support for the amendment which provided an exemption from the suspension for investments to $15,000. They note that an amendment to exempt from the suspension of tax incentives the purchase of equipment and facilities which are used in water and air pollution control was defeated in spite of current congressional support for water pollution control programs costing billions of dollars.

Mr. Speaker, I continue to become a little bit amazed by these piecemeal legislative proposals sent down here from the White House by the administration. Some time ago we had a sales participation measure. We were told at that time that it would help the tight money situation. Subsequent thereto it was suspended at least partially for a period of time. Yesterday we had $1.75 billion in connection with poverty. This bill, the suspension of the investment tax credit, was passed a couple of years ago in order to encourage business to expand plants so that they could hire more people and we would take people off of unemployment and help the economy. Now we have people unemployed and in poverty and we are trying to retrain them under the Manpower Development and Training Act. Another program is the Neighborhood Youth Corps. Now we are going to take the possibility of jobs away from them by stopping the additional construction of plants in connection with this tax credit.

Mr. Speaker, I would think that with all the experts that this administration seems to have, they could give us a plan as to what they have in mind.

Mr. Speaker, on one day they say, "We do not need any tax increase," and on another occasion, or interview, the tax experts come along and say, "We will have to have a tax increase." But, Mr. Speaker, when one asks when we are going to have it the response is that "We will not have it until after the election and, perhaps, we will have to come back after the election, or perhaps we will have it before the election."

Mr. Speaker, there is the very real question of tight money. The builders are experiencing great difficulty in obtaining money with which to construct homes. I am personally familiar with this problem because of the building industry in the State of California. Yet, Mr. Speaker, we are hoping that this one, little, piecemeal proposition will help to assuage the situation.

Mr. Speaker, in my opinion I do not believe it will have any beneficial effect for the period of about a year, if it helps to solve the situation in any way at all. Mr. Speaker, if we could obtain from the great experts pertinent information, and if we could persuade those experts on the part of the Government to come down with a plan, that would be one thing. However, we have to carry out our responsibilities in Vietnam and we shall go along with this commitment so long as needed, or if we have to send 500,000 men to Vietnam to defend our commitment there.

But, Mr. Speaker, that is not the approach which is taken by representatives on the part of the administration. They blame us for raising the budget and for authorizing and appropriating money beyond the budget. Yet on yesterday the House enacted a $1.75 billion poverty program. If the administration would stop demanding the passage of legislation for needless wasteful spending we would not be in the mess we are.

Mr. Speaker, I would think that some representatives on the part of the administration would come to one of these respective bodies, the House of Representatives or the other body, and would tell us what they are willing to give up in order to relieve the tight money situation in the United States of America, because it is a mess right now.

Mr. Speaker, I urge the adoption of the rule, but I do hope that we get some of these things straightened out. I doubt this bill will help much so I do not intend to support it.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. SMITH of California. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, I am glad that the gentleman brought up the subject of the Participation Sales Act. It was another one of these stopgap "Johnny-come-latelies"; a program which was brought about through the inspiration of the President, with a great deal of fanfare, but now about junked.

Mr. Speaker, we adopted an income tax reduction not too long ago also inspired by the President. I took the politically unpopular position of opposing it. I thought it was meaningless unless we had a reduction in Federal spending.

But, Mr. Speaker, notwithstanding that feeling, it was passed and was heralded across the Nation as a great thing.

Then, Mr. Speaker, along comes another tax reduction, and I am sure all of the Members of the House will recall that we repealed the so-called temporary excise tax, and then this became known as "the shortest tax cut in history" as we were called upon by L.B.J. to repeal the cut in just a few months.

In other words, Mr. Speaker, it is a question of "stop and go, on again, off again; hurry up and wait."

Now, Mr. Speaker, we are confronted with this legislative proposition. Suddenly the President discovers the high cost of living which we are now experiencing, and that we have inflation throughout the country. But we have another grandstand performance on the part of the administration when the President tells a conference of Governors that we have to cut the cost of government, and he enlists their assistance to help alleviate the situation and practice economy. Yet they come up with this stopgap measure which I do not believe will have any effect for the period of almost a year, and the only people who seem to be in favor of it are those who are exempted by the provisions of the bill.

Mr. Speaker, this Congress with its heavy Democrat majorities, insists on more and more domestic spending schemes, Federal spending programs of unprecedented proportions. Cost of living goes up; inflation grows, and the big spenders are still at it. Next, there will be a hike in income taxes on both the wage earner and business—postelection, of course; and, it should come as no great surprise that the Office of Emergency Planning is already drafting blueprints and regulations for imposition of wage and price controls.

Mr. Speaker, I intend to support the rule, but to oppose the bill.

Mr. SMITH of California. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, I might explain briefly that there are minority views set out in the committee report which appear on page 43. I shall be referring to these minority views. Then pages 66 to 89 of the committee hearings, contain some of the colloquy to which I shall be referring during debate. I desire to have that fully in the RECORD for context.

I do want to discuss a little bit this closed rule. I am glad the chairman of the committee, the gentleman from Arkansas [Mr. MILLS] pointed out that I have, from my own committee, questioned this policy of coming before the House with closed rules. There happens to be a happy medium between a completely closed rule and an open rule. There is no question that we cannot in my judgment open up the entire Internal Revenue Code in debating these issues that come from the Committee on Ways and Means, and if we did so there would be, as many have said, no end to the debate. However, this argument has become specious ever since the Speaker ruled last year, I believe it was, in reference to the Taft-Hartley Act section 14(b) that this did not open up the entire Taft-Hartley Act to amendment but only opened up section 14(b) which was sought to be altered or amended.

Since that date it has been very clear that the rule would be that only that portion of the Internal Revenue Code by title or section that was the subject matter of the bill would be opened up for debate. If there were any question about this, the Committee on Rules could provide such limitation in a semiclosed rule.

Now what is the net result of the House continuing to prevent itself from amending these bills from the Committee on Ways and Means? The net result is the House does not have an opportunity to exercise judgment on many of the points that come up in the Committee on Ways and Means when it comes out for debate on the floor of the House. Yet, when the bill goes over to the other body where there are no closed rules, every amendment under the sun can and is offered and debated. Then the matter comes back to the House only in the form of a conference report where many times the conferees will accept the Senate amendments, but the House itself will never have heard any of the arguments pro and con on the subject.

We the House are handcuffing ourselves in the process.

This is a particularly apt remark to make in regard to the bill before us, H.R. 17607, which is only doing one major thing—there is a minor thing also, but really has to do with the 7-percent investment credit.

In the Committee on Ways and Means we already have adopted several amendments to the original proposal suggested by the President. Certainly, the suspension of investment credit is not an across-the-board suspension. We put in several amendments. One by the gentleman from Montana [Mr. BATTIN] for a $15,000 exemption, but nothing was done for the farmers per se, railroads, airlines, and other groups that thought they had meritorious cases for exceptions.

Those things will be debated in the other body but no one here will have the opportunity to debate them. That is my reason for opposing this closed rule.

One final comment, and I am sorry to make this comment. The reason I did not want the amendment to the rule to go through by unanimous consent, although I knew the House was going to adopt it, is because of what is occurring. One of the very good amendments that was offered, as an exception, had to do with investment for equipment to treat air and water pollution. This was voted down 14 to 11, by a party vote—this is no criticism—it was not a solid party vote because three of the Democrats joined the Republicans. But it was voted down. I thought wrongly.

Apparently, the word is now around that this would be the motion to recommit and I think it probably would have been. But now the committee is supposed to be meeting at 10:45 a.m., I cannot even attend the meeting, because it is 10:55 right now in which the committee is going to reverse the decision. I am glad the decision is being reversed and we are going to have this amendment. But this is why I used the word "disorderly" proceeding. I did not know until I came to the floor that the House was going to have to amend the rule itself.

I do not know whether the Committee on Rules really ever met on the amendment that we just adopted. Then the next thing. The observation was, well, we have to poll the Ways and Means Committee to accept the amendment. I said that polling a committee is no proper way to reverse a decision voting down an amendment. I said I would resist that method of offering an amendment from the Committee on Ways and Means.

So at least we are going to go through the formality of meeting. But I must protest this kind of proceeding. I think it is not conducive to good legislation. Certainly, I must make a record again on my views on these closed rules coming from my own committee.

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman.

Mr. TEAGUE of California. As the gentleman recalls, Congress for all practical purposes terminated the braceros or supplemental farm labor program 2 years ago. Prior to its termination we imported single men from Mexico to help out in the peak harvest seasons. They no longer are here. Hence farmers in California have had to spend large amounts of money in supplying or building family housing.

I know of one small ranch which is spending approximately $100,000 in modernizing some 10 or 15 homes or houses for farm labor.

The first question is as follows: Under existing law would a farmer in this category be able to take advantage of the investment credit and accelerated depreciation provisions?

Mr. CURTIS. Under existing law, not for real estate, but the equipment that would go in, yes.

Mr. TEAGUE of California. How about the houses themselves?

Mr. CURTIS. No, not the houses themselves.

Mr. TEAGUE of California. So what you are saying is that the bill before us today would make no change in that regard?

Mr. CURTIS. In that respect, except there is something in regard to construction, which is the other part of the bill that has to do with knocking out the accelerated depreciation on certain construction projects. I regret to say I cannot answer the gentleman immediately as to whether the accelerated depreciation did include housing like that. It might, and that part of the bill would then affect it.

Mr. TEAGUE of California. I thank the gentleman. I will press the question further in general debate.

Mr. CURTIS. I might say that this is an example of the kind of thing the House would have been able to debate if we had had a limited closed rule.

Mr. CRAMER. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Florida.

Mr. CRAMER. In a few hours we will have under consideration the water pollution control bill, and in it a supposed incentive to try to get industry to go ahead and tool themselves up for demonstration water purification or antipollution projects that have industry-wide application. This bill, as reported by the committee, as I understand it, would take the 7-percent tax credit incentive away from industry, some of which has gone into this much-needed water pollution control program. I understand that today an amendment will be offered to do something on this subject by retaining the 7-percent credit for such pollution treatment works by industry.

Mr. CURTIS. That is true, but the amendment was defeated in the committee 14 to 11. It would have probably been approved on a motion to recommit. I am happy if the committee is accepting that amendment. But this is only one of the areas where a government policy has directed people to make capital investments. People appeared before the Ways and Means Committee

pointing out these various areas of need, and in our judgment or lack thereof, we did not vote in their favor. But this is the kind of thing the House itself could direct attention to, and it should not be just the judgment of the 25 members of the Ways and Means Committee.

Mr. CRAMER. Mr. Speaker, will the gentleman yield further?

Mr. CURTIS. I yield to the gentleman from Florida.

Mr. CRAMER. Another example is the Highway Safety Act and this nationwide problem. We passed a bill involving hundreds of millions of dollars for highway safety. We have said to the automobile industry, "You have to tool up for safety features," and yet we take this 7-percent credit safety vehicle away from the automobile industry, whereby they could now tool up to comply with safety requirements without suffering the tax disadvantage. There is nothing in this bill which would encourage the automobile industry to do so.

In fact, by wiping out the incentive, we will discourage them from doing the job the Auto Safety Act required of that industry.

Mr. CURTIS. The gentleman is exactly correct. This is a hodgepodge.

Mr. CRAMER. Will the gentleman yield for another question?

Mr. CURTIS. I yield to the gentleman from Florida.

Mr. CRAMER. The same is true with regard to medicare, is it not? We are telling the nursing homes and the hospitals, "You have to provide adequate nursing care. You have to provide adequate medical care." We gave them this 7-percent tax credit on equipment in such tool facilities to do it with a year ago. We let them plan to tool themselves up, supposedly, and now we yank the rug out from under them. Are we not discouraging the very thing we should be encouraging by now repealing this 7-percent credit on such equipment? Also, will this actually fight inflation, or will it encourage it further?

Mr. CURTIS. The gentleman is absolutely correct. In the long run the proposed action will feed the fires of inflation. One way to stop inflation is to expand plant capacity so as to provide the goods and services that our society needs and demands.

Mr. CRAMER. Mr. Speaker, will the gentleman yield further?

Mr. CURTIS. I yield to the gentleman from Florida.

Mr. CRAMER. Is it any wonder that we now have a yo-yo stock market as a result of a yo-yo tax policy? From one month to the next we have no assurance to business and no assurance to the American people as to what the administration's tax policies will be. I repeat. It is no wonder we have a yo-yo stock market when we have a yo-yo tax policy, when we assure business can plan on plant expansion, hospitals on their expansion, industry on providing pollution prevention equipment, and then repeal this assurance summarily today.

Mr. SISK. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Speaker, I rise in opposition to the investment credit bill and to the rule. It is with some trepidation that I oppose this legislation and the outstanding economic minds who are supporting it. But following what happened yesterday, I have a bit more confidence in my own economic judgment. I called for an economic boycott of the French wine industry on the floor yesterday morning, and yesterday afternoon there was the greatest selloff of French francs since 1958. Suddenly the French found that they were rich on gold and poor on dollars, and for once had to convert its gold into dollars instead of the other way around.

I understand from the press accounts that the French bankers still do not know what caused it. But apparently General de Gaulle got my message in a hurry.

Mr. Speaker, the reason I oppose the rule is that I believe it is unfortunate we are handling this complex issue as a single unit. I believe the elmination of the investment credit for new machinery is a mistake, one that could increase inflation rather than check it. I would support its elimination as far as buildings, bricks, and mortar, are concerned. But when a business modernizes its machinery, it is increasing its total capacity and reducing unit costs. And that is one very good way to combat inflation.

In addition, suspending the investment credit for new machinery might actually work in the exact opposite way its supporters intend. I have machine tool plants in my district, and their backlog of orders is 6 to 8 months. So the bill would not take effect until next spring. And by then, if the economy were moving down, this measure would actually accelerate the downswing instead of keeping the economy healthy.

Of course we all want to do something, almost anything perhaps, to deal with inflation. We are told that just passing this bill will have a strong psychological effect. But it is worst of all, Mr. Speaker, to do the wrong thing just for the sake of just doing something.

I believe it is unfortunate that we cannot deal with the tax investment credit matter in two parts, Mr. Speaker. I would not oppose the suspension for bricks and mortar building expansion. But to deny businesses the right to increase their productive capacity by modernizing their machinery and thereby reducing their unit costs can only aggravate the inflationary problem we are trying so hard to deal with today.

Because the rule makes an amendment to separate these two features impossible I shall therefore oppose the rule, and reluctantly, I shall oppose the bill itself.

Mr. SMITH of California. Mr. Mr. Speaker, I yield 1 additional minute to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. Mr. Speaker, I only wanted to complete the record. The gentleman from California [Mr. TEAGUE], had asked me whether or not the building of these residences for the farmworkers would be affected by the bill. I said not the 7 percent. The accelerated depreciation for construction of buildings, and so forth, I thought would but I was not certain. I have now checked. It would be affected. The 200-percent accelerated depreciation would be suspended by the bill, but we have retained the 150 percent. So the gentleman's group of people would be affected by this bill.

Mr. SISK. Mr. Speaker, I yield to the gentleman from New Jersey [Mr. JOELSON] 1 minute.

Mr. JOELSON. Mr. Speaker, I want it clearly understood that I intend to support the bill to suspend the investment credit when it comes up. But I would like to state very definitely I am sorry about this type of rule, because I have in my area many people whose factories have been taken because of a highway coming through, and they must buy new equipment and build new buildings They had planned on using this credit. I wish there had been some amendment in here to cover and protect these people.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from South Carolina [Mr. RIVERS].

(By unanimous consent, Mr. RIVERS of South Carolina was allowed to proceed out of order.)

Mr. RIVERS of South Carolina. Mr. Speaker, I take this time, because I did not have time on the poverty bill, to pay my respects to one Harold Howe II. I have several things to which I wish to call attention.

No. 1, Mr. Speaker, is that this misfit should be fired. It has been suggested that he resign, but he did not accept this courtesy, so I believe the President of the United States should fire him. Here are two of the main reasons:

First. He is destroying the school system of America, lock, stock, and barrel.

Second. He is destroying the hospitalization facilities of my part of the world, and of yours, lock, stock, and barrel.

He is so ignorant, he should incorporate. One man should not own so much of any single commodity.

Mr. Speaker, to further indicate his ignorance to a group of Congressmen—some of you may have been present—he said that the last civil rights bill, which was bad enough, was enacted only to apply to the South. That is how ignorant this man is.

He has said—and, Mr. Speaker, I ask unanimous consent to put it in the RECORD—that all school districts should be integrated by way of busing, if necessary.

He is also alleged to have said:

> If I have my way, the suburban school districts will be gerrymandered so that they reach into the inner city and include some of the slums. And, of course, the process will be worked in reverse to gerrymander city districts to take in suburban districts.

He is also alleged to have said—and I suspect he did—

> If I have my way, schools will be built for the primary purpose of social and economic integration.

In my own district, Mr. Speaker, he called down to one of my school superintendents, or one of his hirelings did—I assume he is of the same ilk; otherwise

he would not have the job—and wanted to know why they were building a school building in a certain area. He also wanted to know how they were going to employ the faculty, and what books and so forth they were going to use.

Mr. Speaker, this man talks like a Communist. This is the reason why those of us who know call him a commissar of education.

He has gone so far beyond that distasteful Civil Rights Act of 1965 that the majority leader of the other body said he was trying to go too far, too fast.

Mr. Speaker, the chairman of the Judiciary Committee, if the press is reliable——

Mr. RYAN. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. No, I do not. I will not yield this week, Mr. Speaker.

Mr. Speaker, the chairman of the Judiciary Committee is reputed to have said, in the Washington Star, that he was going to set up an impartial committee to look into these guidelines which this idiot has established.

It is inconceivable to me that the chairman of the Judiciary Committee can find an impartial subcommittee, if his subcommittees on the civil rights bill are any example of impartiality.

I suggest, Mr. Speaker, when he has this committee, he put the gentleman from North Carolina [Mr. WHITENER], on the committee, so that our side may have an inning somewhere along the line.

Mr. Speaker, we should investigate this man. He should be kicked out. He is destroying the schools. He is destroying the hospitals. And along the line, and just by way of a windfall, he is destroying the party, in my part of the world, of which I am a member—and this I do not like.

Mr. Speaker, his latest experience in public speaking took place yesterday. He went down to Hampton Institute, where I understand he spent some time.

He speaks of black power. Mr. Speaker, nobody in a responsible position at the taxpayers' sufferance should discuss black power, white power, or any kind of power. This is out of the question.

Among other things, this is what the paper said about this individual.

This is what he is alleged to have said at Hampton Institute:

> Black Power can be a useful concept if it is defined as demanding a rightful place for the Negro American in our national sun; gaining political influence so that the Negro as an individual has a proper say in the affairs of a Nation which his suffering and exploitation helped build.

What does he know about this?

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. RIVERS of South Carolina. Mr. Speaker, I ask if the gentleman on the other side will give me a second or two.

Mr. SISK. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. SMITH of California. Mr. Speaker, I yield the gentleman 5 additional minutes from this side. I am pleased to do so.

Mr. RIVERS of South Carolina. Mr. Speaker, just let me speak until I run out.

Mr. Speaker, he suggests to a group of young college students at Hampton Institute, which is a good institute and a good school—they have a fine president who, I understand, was an all-American football player and a great leader, and I get that from Earl Blaik, also a great leader of youth—Mr. Speaker, he goes down there and tells these young people that by exploitation and suffering this Nation was built. This man is irresponsible. He talks like a Communist. These are the words that those who have this sort of a persuasion pour out on unsuspecting youth. This fellow, Mr. Speaker, should be kicked out. Judge SMITH is holding hearings on him now. I do not think he needs to hold any more hearings for me to make up my mind. I want you to hear this editorial on the Charlotte WBTV station. I am going to put in something here from the Washington edition of the Daily News of September 19, and I want you to see something in today's edition of the Washington Post about his speech.

Mr. Speaker, I say to you and to the Members of the House this man is causing enough trouble. Look at what the backlash has caused throughout the country. You start in Arkansas and you go into Louisiana and you go up through Mississippi and look at Maryland and California. A lot of you do not like this. Look at what happened in Georgia. Let this idiot keep on ranting and raving at the taxpayer's expense and agitating the people and suggesting more consternation and more trouble and more racial strife. My State has never been troubled with racial strife. Our fire department in Charleston and our police department have been integrated for 100 years. We do not know what trouble is. But we will have it if this foul blot on the escutcheon of human decency and propriety continues to hold his job going down and talking irresponsibly and suggesting things which you would not countenance nor would other respectable people anywhere in America.

Mr. WATSON. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. Now, do not stop a good speech. Of course I yield to the gentleman from Columbia.

Mr. WATSON. I just want to commend my colleague and agree with him wholeheartedly that this man is certainly helping to destroy our educational system and the good will between the people. I agree with him quite emphatically that he is doing more to destroy the Democratic Party and to build the Republican Party than anyone I know. Especially down South. But so strongly do I subscribe to your position that we Republicans, as usual, are willing to sacrifice the building of our party in the interests of the Nation in order that we might get rid of this fellow.

Mr. RIVERS of South Carolina. If you are going to talk about Republicans, you and I both vote alike, and I suspect you and I have the same philosophy. You should stay along with me, because we would do more if you would do what I do.

Mr. Speaker, let me say this: My State does not like what this man is doing. He has gone beyond the Civil Rights Act of 1965, and my Governor has gone into the courts to make this man observe the law. It is bad enough as it is, but he has gone beyond it. He says that you shall recruit members of your faculty for integration purposes. The law does not say that. The law does not give him the right to bust all over God's half acre, but he is trying to do this. At the Governors' conference they have resolution after resolution put through to investigate the guidelines of this man. He should be stopped, and the best way to stop him is to quit paying him, and then he will leave without notice.

Mr. Speaker, I include at this point the articles and material which I have referred to, for the information of the entire Congress.

[A WBT, WBTV Charlotte, N.C., editorial, Aug. 8, 1966]

THE EDUCATION CZAR

We are grateful in a strange sort of way to Commissioner of Education Harold Howe II. He has made the point more plainly than we have ever been able to do it, that Federal aid to education means Federal control of education. Mr. Howe's whiplash approach to the uses of Federal aid has brought many people now to the place where they are asking if we are not paying too high a price in freedom of choice of exchange for a few million dollars.

Howe has made it clear that he believes the primary purpose of the public schools is not education, but integration; that the main mission of the educators is not to teach children, but to bring about the greatest possible mixture of races within schools and districts; and that Federal aid is not being used to help local schools with their urgent problems, so much as to bludgeon them into complying with arbitrary standards drawn up by Howe himself.

It has not been easy to convince people that Federal aid is a very mixed blessing. Schools across the country have pressing needs for more money and more facilities, the Federal government has billions of dollars it can divert to these purposes if it wishes to do so, and so it has seemed to many people a natural way out to put the two together. But now Commissioner Howe has come out with statements that show the autocratic control is going to be more sweeping than imagined during the years we have been warning against Federal aid to education.

The education czar lets it be known that he will not be satisfied with mere integration of faculty and pupils within existing school districts. If they do not reach the racial mixture that he considers desirable, the boundaries of the districts will be designed in Washington.

In a speech at Columbia University, he served notice that he will not stop there. Most of the suburbs, he said, have too many white children and not enough colored children. After ridiculing the way of life that suburban dwellers have chosen, he went on to say, "If I have my way" (those are his very words) the suburban school districts will be gerrymandered so that they reach into the inner city and include some of the slums. And of course, the process will be worked in reverse to gerrymander city districts to take in suburban areas.

Let us quote again Mr. Howe's exact words: "If I have my way, schools will be built for

the primary purpose of social and economic integration."

He could hardly have stated in plainer words that public schools exist first of all to mix children, not to teach them. And if any community does not like his personal redistricting, he will use the same old club on them—take away their Federal aid.

So if Mr. Howe "has his way" that Federal money will be used to increase the quantity of integration rather than the quality of education. And those who are beginning to ask whether the price is too high can be grateful to him—in a strange sort of way!

Invitation to respond has been sent to: Mr. Harold Howe II, Commissioner of Education.

[From the Washington Daily News]

FEDERAL SCHOOL FUND IS A HOT POTATO—EDUCATION COMMISSIONER GETS IT FROM ALL DIRECTIONS

(By William Steif)

In less than nine months Harold Howe II, a pink-cheeked, 47-year-old educator, has become one of the Administration's most controversial figures.

As U.S. Education Commissioner, Mr. Howe has come under attack in Congress from Republicans and Democrats, Northerners and Southerners alike, for his handling of the office which distributes $3.5 billion in Federal funds to the nation's schools.

His critics charge too much Federal interference in the affairs of local school boards in the push to end racial segregation in the nation's schools.

"BURNED"

"I've been burned lately," Mr. Howe conceded in an interview. But he didn't back away from his position that the U.S. Education Commissioner has an active role to play in ending de facto segregation.

"I am trying to have influence on local school districts' thinking," he said, "but I am not telling them what to do.

"I believe in local control of schools, but I also believe the Federal role is to suggest solutions. I can't dictate, but I want to retain my freedom to make what I hope are constructive suggestions."

Thus he wants his new staff of lawyers and other experts to draw "clear lines to guide local school boards" out of de facto segregation and to "develop policies and programs which local school boards may choose."

Since succeeding Francis Keppel as Education Commissioner, Mr. Howe has become more and more blunt.

In a letter to a former student, Mr. Howe recently wrote:

"The Negro still is in general handicapped by the quality of education the public provides him as compared to a white person. The caste system, based on color, which we operate in this country is a growing embarrassment in a shrinking world with two-thirds of its people not having white skin.

HARDER IN NORTH

Mr. Howe says it is easier to deal with segregation in places having "a dual school system"—that is, the South where Negro and white children have attended separately-run schools.

"We get in muddier waters where we don't have a dual system," explained Mr. Howe. "The civil rights act forbids school discrimination, but what is discrimination in New York, Chicago or Boston?

"The mere existence of all-Negro schools isn't proof of discrimination unless you can show the lines were drawn to create all-Negro schools, or that minority youngsters and teachers were assigned together."

Complaints of de facto segregation have been on file, and under investigation, for a year from Chicago, Boston, Los Angeles, San Francisco and Chester, Pa.

On the basis of these inquiries, Mr. Howe's office is drafting legislative proposals he hopes the White House and Congress will approve. The proposals are sure to spark new controversies.

Mr. Howe defines de facto segregation as "a whole series of private decisions—people who decide to move, real estate brokers who sell homes, bankers who lend money on homes. All these decisions relate to concentrating Negroes."

HUMAN PROBLEMS

To "dent" private-decision segregation, Mr. Howe wants to see Federal funds invested to "solve some of the schools' human problems while solving their housing problems."

He has been attacked for advocating educational parks—grade, high school and junior college facilities serving a large area on one campus—but says he has been misunderstood.

He seeks "much broader" thinking by school boards and says educational parks are only one of many ideas.

"For example, I would encourage construction of an absolutely first-rate science center or art center for suburban and city kids."

After World War II service as a Navy lieutenant, Mr. Howe worked in high-income school districts—Andover and Newton, Mass., Cincinnati's Walnut Hills High, and Scarsdale, N.Y.

In 1964 he went to North Carolina to direct that state's institute for poor and gifted children, and last December the President tapped him for his present job.

Mr. Howe believes "a reverse flow" of whites to the increasingly Negro central cities is needed or "this country will miss out on having one society. We are in danger of having two societies, city and suburb. Their stresses would destroy the values of the single society we used to have."

Mr. Howe knows he will continue to stir controversy. But his hide is getting tougher. In that letter to his former student, he wrote: "In endeavors like those in which I am engaged, one is open to public criticism and learns to live with it."

HOWE SAYS "BLACK POWER" CAN BE USEFUL

Education Commissioner Harold Howe II said yesterday that "Black Power" could be a "useful concept" but not if it means "blasting through closed doors in a few explosive moments."

In a talk at the Hampton (Va.) Institute, where he lived as a boy during his father's tenure as president of the predominantly Negro college, he said:

"Black Power can be a useful concept if it is defined as demanding a rightful place for the Negro American in our national sun; gaining political influence so that the Negro as an individual has a proper say in the affairs of a Nation which his suffering and exploitation helped build . . ."

But he rejected "a concept of Black Power that encourages separatism" and may lead to violence.

Howe told the Hampton students that the future of Black Power lies with them and "depends to a high degree on Negro leadership that is at once educated and responsible." It lies in neither white power nor black power, but "in brain power, pure and simple," he said.

"I am not urging you to . . . quiet down," Howe explained. "I am urging upon you the painful recognition that the Negro will win full citizenship in the same way that other American minorities have won it: not by blasting through closed doors in a few explosive moments, but by shoving those doors back inch by inch until, the rust on our social hinges give way."

Mr. SISK. Mr. Speaker, I yield 1 minute to the gentleman from Iowa [Mr. SCHMIDHAUSER].

Mr. SCHMIDHAUSER. Mr. Speaker, I would briefly like to say that in my estimation the President's proposal to suspend the investment depreciation and investment credit only touches the outer limits of the fundamental inequalities that have long existed in our tax system. I realize the realities of our tax structure and the difficulty of getting it changed. This is why I want to take this occasion to associate myself with the perceptive recognition for rule changes that the gentleman from Missouri made a few minutes ago. I would like to urge that we decisively need action to eliminate the inequalities long existing in our system beginning with the oil depreciation allowance.

Mr. Speaker, the President's proposal to suspend accelerated depreciation and the investment credit only touches the outer limits of the fundamental inequalities which have long been built into our tax system. As I stated to the House Ways and Means Committee:

> When I took my oath of office in January 1965, I was astonished to find that many glaring tax loopholes which lack sound justification by objective economic analysis still remain on the books . . . The time has long been overdue for Congress to act on this matter. If we do not undertake these necessary tax reforms, it is my conviction that we would meet our necessary costs of government on a pay-as-you-go basis and would bring in enough additional revenue to insure that our small businesses would not have to be unfairly burdened with any ill-advised additional tax increase.

Let us abolish lavish subsidies to the special privileged before we even consider raising the taxes of the average American citizen. The 1963 Treasury Department figures show that 20 persons with incomes of over $1 million did not pay a single cent of taxes because of the oil depletion allowance and other special privilege tax loopholes.

By contrast modest and fair tax adjustments which would help the farmer, the businessman, and other self-employed persons establish their own retirement program through a 10-percent income tax deduction, and other tax adjustments which would alleviate the teacher shortage by helping teachers gain more specialized training have been coldly shunted aside by the administration. I personally feel a deep sense of outrage that longstanding special tax privileges that are based on 1963 estimates would yield an additional $40 million in revenues have been ignored.

Mr. SISK. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. RYAN].

Mr. RYAN. I cannot refrain, Mr. Speaker, from responding to the remarks which were made by the gentleman in the well, the gentleman from South Carolina [Mr. RIVERS], a few moments ago.

Mr. WAGGONNER. Mr. Speaker, will the gentleman yield?

Mr. Speaker, a parliamentary inquiry.

Mr. RYAN. Mr. Speaker, I am shocked——

Mr. WAGGONNER. Mr. Speaker, if the gentleman from New York is going to speak out of order, then he should propound the proper request to do so.

The SPEAKER. Does the gentleman from New York [Mr. RYAN] yield to the gentleman from Louisiana [Mr. WAGGONNER], for the purpose of making a parliamentary inquiry?

Mr. RYAN. Mr. Speaker, the gentleman from South Carolina refused to yield to me.

Mr. WAGGONNER. Mr. Speaker, a point of order.

I will not object, Mr. Speaker, but if the gentleman from New York is going to speak out of order, I would suggest that he abide by the rules and that he ask unanimous consent to do so.

Mr. RYAN. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Without objection, it is so ordered.

Mr. RYAN. Mr. Speaker, I cannot refrain from responding to the remarks which were made earlier by the gentleman in the well regarding the Commissioner of Education.

Mr. Speaker, I cannot believe that any responsible Member of this House would stand in the well and so discredit a conscientious public servant, a respected official of this Government, who is carrying out the mandate of the Congress which we spelled out when we passed the Civil Rights Act of 1964.

Mr. Speaker, title VI of that act makes perfectly clear what the policy of this Congress is with reference to continued school segregation, and the Commissioner of Education is only carrying it out.

But it is our policy.

Mr. Speaker, it is unbelievable to me that any responsible Member of this House would attempt to label the Commissioner of Education as a "Communist," one who is carrying out the policy of this Congress.

Mr. Speaker, I certainly hope that the remarks which the gentleman from South Carolina made are not shared by any other Member of this body. I thought that the days of the McCarthy era were gone. But, Mr. Speaker, to hear on the floor of the House such an intemperate attack made upon a responsible public official makes me shudder for the future of this country.

Also, Mr. Speaker, as a Democrat, let me say that insofar as I am concerned the Democratic Party does not stand for the views of the gentleman from South Carolina [Mr. RIVERS], and it should not stand for any part of this segregationist doctrine. If it did, it would deserve to be destroyed.

Mr. Speaker, our party must stand for civil rights and human rights. It must insure that once and for all the Supreme Court desegregation decision of 1954 is carried out.

Mr. Speaker, that is the purpose of the guidelines. And I am distressed that any member of the Democratic Party, including a prominent member of the other body, should attempt to detract one iota from the position which has been taken by the administration in carrying out title VI of the Civil Rights Act of 1964.

Mr. RIVERS of South Carolina. Mr. Speaker, will the gentleman yield?

Mr. RYAN. The gentleman refused to yield to me earlier, and I am now using my own time.

Mr. RIVERS of South Carolina. The gentleman from New York mentioned my name, and I did not menton his.

Mr. RYAN. The gentleman from New York, Mr. Speaker, declines to yield. I refuse to yield, Mr. Speaker.

Furthermore, Mr. Speaker, I hope that all Members of the House believe that any Member who is appointed to any committee of this House serves the House. It is not "our side" or "their side," but it is the side of the American people which must be served.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution, as amended.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

WATER POLLUTION CONTROL

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1026, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1026

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16076) to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such Act. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the committee amendment in the nature of a substitute now printed in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 16076, the Committee on Public Works shall be discharged from the further consideration of the bill (S. 2947), and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 16076 as passed by the House.

The SPEAKER. The gentleman from California [Mr. SISK] is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield the gentleman from California [Mr. SMITH] 30 minutes, and pending that I yield myself such time as I may consume.

Mr. Speaker, the resolution is self-explanatory. It provides for the Committee on Public Works to consider in the Committee of the Whole a matter which is of vast importance to our country dealing with water pollution.

Mr. Speaker, I urge the adoption of the resolution.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I concur in the statement just made by the gentleman from California [Mr. SISK].

Mr. Speaker, I urge the adoption of the rule. The purposes of the bill are: First, to authorize appropriations of $2,450 million for construction grants for the 5 fiscal years 1967 through 1971 to be used to construct sewage treatment plants; second, to change the grant formulas under which Federal aid is made available to give further incentive to States and local governments; and, third, to provide $228 million for research grants through June 30, 1969.

The original administration bill provided for unlimited funding through 1971; the Senate-passed bill, S. 2947, provides for authorizations of $6 billion over the same period. The revised administration bill calls for $3,450 million. The committee-reported bill is the smallest of all.

The authorization for construction grants, totaling $2.45 billion over the next 5 years is broken down as follows:

	Million
Fiscal year 1967	$150
Fiscal year 1968	300
Fiscal year 1969	400
Fiscal year 1970	650
Fiscal year 1971	950

The grant formula and provisions governing maximum amounts available for individual projects have been substantially modified. The current dollar limitation on grants to small projects is doubled, from $1.2 million to $2.4 million. For projects serving two or more communities, the ceiling increase is from $4.8 million to $9.6 million.

The Federal share of such individual project grants is increased from the current 30 percent to 40 percent if the State invloved makes a contribution of 30 percent. If a project is part of an approved basin plan it, too, is eligible for an additional 10-percent incentive grant above the 30-percent figure, with no dollar limitation. This may again be increased another 10 percent, to 50 percent, if the States agrees to contribute 25 percent for all projects under the approved basin plan.

To be eligible for basin plan grants, a plan must be submitted to the Secretary of the Interior and approved. If the basin is within a State, the Governor must submit it; if submitted by a group

of States, a majority of the Governors must support it.

If an interstate agency, the Upper Colorado and Columbia Basins or the Tennessee and Delaware River Basins submit a plan, provisions are outlined for the required areawide support for such plan.

The Secretary of the Interior is authorized to pay up to 50 percent of the administrative expenses incurred by planning agencies in preparing basin pollution control and abatement plans.

Research programs are authorized to be funded to $228 million for fiscal years 1967 through 1969, or about $76 million per year. At least 25 percent is to be used for the industrial pollution studies in each year.

A study is authorized by the bill, to be undertaken by the Secretary, in cooperation with pollution agencies, of the estimated costs of an adequate 3-year Federal antipollution program beginning July 1, 1968. Such report must be submitted to the Congress by January 10, 1968.

The bill increases the authorization for planning grants to States and interstate agencies to assist them in meeting the costs of maintaining prevention and control measures. The increase is from $5 million through 1968 to $10 million for each of fiscal years 1968 and 1969.

Reimbursement is authorized for expenditures made in advance of granted funds if the Secretary approves the project prior to the beginning of construction.

The bill has administration support.

There are supplementary and additional views filed with the report.

Seven majority members support the bill but feel that it falls far short of what is needed; they favor enactment of the Senate bill—$6 billion. They say the waters of America are so polluted that no effort to reduce and eliminate the problem can be spared. They see the House bill as substantial progress, but not as much as the Senate.

Additional views are submitted by nine minority members. They point out that title II of the bill, entitled "Clean Rivers Restoration Program" is actually a new name for the expansion of the existing Federal program of grants for construction of municipal sewage treatment plants.

They also note that title I, while a great improvement over the proposal of the administration, does not provide for the construction of industrial waste treatment facilities, or for the prevention or control of agricultural pollution, or for the removal of sludge from river bottoms.

They support the concept of basin planning but note that the remainder of the bill is primarily a sewage construction-grant bill which will not produce "clean rivers" because of the many pollution problems left untouched. They support the committee position with respect to the amount of the authorization.

Mr. SISK. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDMENTS TO THE PRICE-ANDERSON INDEMNITY PROVISIONS OF ATOMIC ENERGY ACT OF 1954, AS AMENDED, RELATING TO WAIVER OF DEFENSES

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1027, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1027

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17685) to amend the Atomic Energy Act of 1954, as amended, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California [Mr. SISK] is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH], and pending that, I yield myself such time as I may consume.

Mr. Speaker, again this resolution is self-explanatory. It provides for 1 hour of general debate on a matter which is of concern regarding certain insurance provisions covering possible disasters that might be caused by an accident of some kind in the handling and development of our nuclear energy.

Mr. Speaker, I urge the adoption of the resolution in order that the Joint Committee on Atomic Energy can bring the matter to the attention of the House.

Mr. Speaker, I reserve the balance of my time.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. SISK. I yield to the gentleman.

Mr. HALL. Mr. Speaker, I notice in lines 5 and 6 of this resolution, House Resolution 1027, that all points of order against said bill are hereby waived.

Again I would like to know why individual Members of the House are prevented from introducing points of order against this bill, H.R. 17685.

Mr. SISK. This matter was briefly discussed in the Committee on Rules and was requested by the gentleman from California [Mr. HOLIFIELD] at the time the rule was requested. It is my understanding that there is one provision in the bill dealing with the possible transfer of funds which might possibly be subject to a point of order as I recall. I, of course, do not have the exact information.

Mr. SMITH of California. Mr. Speaker, if the gentleman will yield?

Mr. SISK. I yield to the gentleman from California.

Mr. SMITH of California. You are referring primarily to the language at the bottom of page 3, where it says:

> Any funds appropriated to the Commission shall be available for such payments.

This is in the nature of reprograming of the money. It might be subject to a point of order or it might not be. The bill would not operate without this language in there. We were requested to waive points of order because of that and they were so waived.

Mr. HALL. Mr. Speaker, I appreciate the gentleman's yielding and the explanation. If he would yield further, is such reprograming under this part of the bill subject to review by the committee having oversight in the House?

Mr. SISK. Mr. Speaker, I yield to the gentleman from California [Mr. HOLIFIELD] to comment on that question.

Mr. HOLIFIELD. We are talking about a rather intangible potential liability to the Government of the United States. If at some future time a catastrophe should occur, moneys that have been appropriated would be available for emergency use until they would be replaced by the regular process. That is really what we are talking about.

I am not sure that a point of order would be sustained on this, but I want to be very frank in saying, as I explained to the committee, there is a possibility that in this body and the other body there might be a point of order, and that is why we made the request. It is not an attempt to circumvent the regular process.

We checked with the staff of the Appropriations Committee and they said that they had no objection at all to this arrangement.

Mr. HALL. Mr. Speaker, I understand the Price-Anderson Act. I understand the need sometimes for early settlement of such injuries that involve our citizens. I wonder if the gentleman from California [Mr. SISK] would yield further.

Mr. SISK. I yield to the gentleman from Missouri.

Mr. HALL. I should like the gentleman to answer my question whether or not it would come under the surveillance and oversight of his committee if such an incident arose, and if the executive branch would be required to report such reprograming action of such advance use of funds otherwise available to the Director.

Mr. HOLIFIELD. I am sure the gentleman knows that the Committee on Atomic Energy and the atomic energy statute requires the Atomic Energy Commission to keep the committee fully and currently informed. I think it would be a stretch of the imagination to say that the Atomic Energy Commission would override the committee's will in a matter

of this kind and I can assure the gentleman that I will make a formal request to them that if such a thing should occur, that we be notified as to the reprograming.

Incidentally, they would have to notify the Appropriations Committee for any reprograming of funds that go above 15 percent, on cooperative reactor projects. On existing projects our rule requires the Commission to report reprograming of any amount that goes above $500,000 for the fiscal current year or $3 million for a 3-year period.

On new projects such as contemplated in this bill, any reprograming amount must be reported by the Atomic Energy Commission to the Joint Committee.

Mr. HALL. Mr. Speaker, I appreciate the gentleman's yielding to me and their answers to my questions. I do understand, and I shall not object. But my general objection to, and principle of questioning the waiving of points of order and precluding individual Members of the right to make such points of order stands, and I am building up a record on this. For this reason I hope that action will not be by unanimous consent and/or without objection, but that a motion be placed for the acceptance of the resolution.

Mr. SISK. I appreciate the comments of my colleague, the gentleman from Missouri.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of California. Mr. Speaker, I rise in support of House Resolution 1027, which would make in order for consideration by the House the bill H.R. 17685. I concur in the statements made by the distinguished gentleman from California [Mr. SISK] and urge adoption of the rule.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FUNDS FOR THE COMMITTEE ON HOUSE ADMINISTRATION

Mr. BURLESON. Mr. Speaker, by direction of the Committee on House Administration, I submit the following privileged report, Report No. 2158, to accompany House Resolution 1028, providing funds for the Committee on House Administration, and ask for its immediate consideration.

Mr. BINGHAM. Mr. Speaker, a point of order.

The SPEAKER. The Chair would like to ask the gentleman from Texas if he is undertaking to bring this resolution up by unanimous consent, or is he reporting it and calling it up as privileged business?

Mr. BURLESON. Mr. Speaker, I submit the report as a privileged matter. Should a point of order be raised and should the point of order be sustained, then I would ask unanimous consent for the consideration of House Resolution 1028.

The SPEAKER. For what purpose does the gentleman from New York rise?

Mr. BINGHAM. I make a point of order against the resolution, Mr. Speaker.

The SPEAKER. On what grounds?

Mr. BINGHAM. On the grounds that a quorum of the committee was not present when the resolution was reported. There are a number of members of the committee who have not had an opportunity to have this resolution discussed in a meeting of the committee.

The SPEAKER. Does the gentleman from Texas desire to be heard?

Mr. BURLESON. Mr. Speaker, I desire to be heard.

Mr. Speaker, I do not see that this is a matter involving rules but rather a matter of custom and practice. We were simply following what has been a practice for a great many years relating to noncontroversial matters. This method of obtaining committee approval has been for the convenience of committee members. I shall be glad to relate to the House in just a few words what transpired in this instance.

Recently it has been difficult to get a quorum, and, for obvious reasons, it has been just about impossible for the last 10 days. Never before has the gentleman from New York objected to a telephone poll of members. In this instance, each of the 25 members of the committee, except those who were on the subcommittee examining contracts, the subcommittee headed by the gentleman from Ohio [Mr. HAYS]—who had already agreed to the resolution, were called, and a majority of the members approved the resolution.

This practice has been prevalent and has been permitted over the years, although it has been held to a minimum.

Now Mr. Speaker, I shall be glad to yield to the gentleman from New York if he wants to tell us the real reason he is objecting to the consideration of this resolution. The gentleman never before has objected to this procedure and I ask why he objects now?

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. BURLESON. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Speaker, I shall be glad to explain. There has been apparently the establishment of a subcommittee of the Committee on House Administration.

The SPEAKER. The Chair does not want to go into all that. The Chair wants to ask the gentleman from Texas, the chairman of the committee, was a committee meeting called for the purpose of acting on this resolution? And, if so, was a quorum present?

Mr. BURLESON. Mr. Speaker, I have explained in some detail the procedure used in this instance. There was an agreement by a majority of the committee that the resolution may be presented.

The SPEAKER. Was there a meeting? Did the committee meet? Was there a quorum present and voting and acting on it?

Mr. BURLESON. Mr. Speaker, on infrequent occasions when we have resorted to this procedure as a matter of convenience and of expediting legislation, it has always been accepted as establishing a quorum. As far as I know this procedure has not been challenged. In this case a majority of the committee agreed to the resolution and I insist that a quorum was established and that the report is proper and that the resolution is privileged.

The SPEAKER. The Chair is prepared to rule.

The Chair does not inquire into the procedure of a committee, in reporting a bill, unless a point of order as to the matter is raised and thus called to the attention of the Chair. Unless a Member makes a point of order, the Chair does not go into the question of committee procedure.

However, since the point of order has been raised, the Chair will point out that the provisions of clause 26(e), rule XI, make it clear that no measure can be reported from a committee unless a majority of the committee were actually present.

The chairman of the Committee on House Administration has stated that the resolution he now seeks to call up was not ordered reported at a formal meeting of the committee where a quorum was present.

Therefore, the Chair sustains the point of order made by the gentleman from New York [Mr. BINGHAM].

The report and resolution are recommitted to the Committee on House Administration.

Mr. BURLESON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BURLESON. Mr. Speaker, by the report and resolution being recommitted, would that preclude a request on the part of the chairman of the committee to call the bill up under unanimous consent?

The SPEAKER. The Chair will recognize the gentleman for that purpose.

Mr. BURLESON. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Resolution 1028.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

H. RES. 1028

Resolved, That, in carrying out its duties during the Eighty-ninth Congress, the Committee on House Administration is authorized to incur such further expenses (not in excess of $25,000) as it deems advisable in the United States, its territories, and possessions. Such expenses shall be paid out of the contingent fund of the House on vouchers authorized and approved by such Committee, and signed by the chairman thereof.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. BINGHAM. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

SUSPENSIONS OF INVESTMENT CREDIT AND ACCELERATED DEPRECIATION

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17607) to suspend the investment credit and the allowance of accel-

erated depreciation in the case of certain real property.

The SPEAKER. The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 17607, with Mr. HANSEN of Iowa in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN pro tempore (Mr. MCFALL). Under the rule, the gentleman from Arkansas [Mr. MILLS] will be recognized for 2 hours and the gentleman from Wisconsin [Mr. BYRNES] will be recognized for 2 hours.

The Chair recognizes the gentleman from Arkansas.

Mr. MILLS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, this bill, H.R. 17607, is an integral part of a broad program designed to moderate the pace of economic activity to a level that is more compatible with a sustained, high level of economic growth. One of the most important aspects of the overall program is a reduction in Federal expenditures.

THE BILL IS KEYED TO EXPENDITURE CONTROL

I would not support this bill if it were not a necessary and essential part of a broader program which included a reduction in Federal expenditures. Members will recall that in 1963 when we debated the Revenue Act of 1964, I pointed out that there are two roads we as a Nation can travel. The first is the road of major reliance on the private sector of the economy. The second is the road of more and more spending by the Federal Government to solve problems which might otherwise be solved by the free enterprise economy. In 1964 we took a major step down the first road. I pointed out then the danger involved in trying to go both roads at the same time. Substantial income tax reductions were coupled with control of Federal spending. The Revenue Act of 1964 was followed by the Revenue Act of 1962, was supplemented by administrative action on depreciation, and was followed by the Excise Tax Reduction Act of 1965. Together these measures combined to reduce taxes by $21 billion, measured at current income levels, while Federal expenditures were held to an increase of $3.9 billion between fiscal 1963 and fiscal 1965.

The results of traveling this road were most satisfactory. Production and employment increased rapidly, capacity utilization increased, and incomes rose. The economy has enjoyed 67 months of continuous expansion following the recession low of February 1961—a record performance.

Lately, however, I have been concerned that, we have turned down the road of more and more Government spending. Therefore, I welcomed the President's message of September 8 in which he pledged to reduce contracts, commitments, and new orders during fiscal year 1967 by an amount equal to roughly 10 percent of that part of the budget which is under his immediate control. The President has already ordered a cut of $1.5 billion even though we in the Congress have not completed our work on all the appropriations bills. When these bills are finally passed, the President has stated that contracts, commitments, and new orders will be reduced by at least $3 billion.

A second element in the overall anti-inflationary program is a coordinated effort to ease the burden of monetary restrictions and encourage the prompt reduction in interest rates. The Secretary of the Treasury has been directed to review all prospective sales of Federal securities to reduce the volume of such sales in long-term capital markets to essential minimums, thereby releasing more funds for private use. It has already been decided to cancel the sale of FNMA—Federal National Mortgage Association—participation certificates originally scheduled for September, and the Secretary of the Treasury has stated that there will be no FNMA participation sale during the remainder of this year unless market conditions improve. Nor will there be any Export-Import Bank sale of participation certificates. Market sales of Federal agency securities will be limited to the amount required to replace maturing issues while new money will be raised through the sale of agency securities to Government investment accounts.

Finally, the President has called upon the Federal Reserve Board and the Nation's leading commercial banks to seize the earliest opportunity to lower prevailing interest rates which are at the highest levels in 40 years. This opportunity will not arise, however, unless the anti-inflationary program of which this bill is a part is vigorously carried out, so that monetary policy can be relieved of the primary burden of restraining inflationary pressures.

THE THREAT OF INFLATION

In my view inflation is a major threat to the domestic economy at this time. This is a fairly recent problem for at first, expansion took place with stable prices. From 1961 through 1964, prices were remarkably stable. The wholesale price index changed not at all while the Consumer Price Index rose at the relatively low rate of 1.2 percent a year. The situation changed in 1965, however, as special factors in agricultural and raw materials markets were reinforced by the increased demands placed upon us by the confict in southeast Asia. In 1965, wholesale prices rose by 2 percent and consumer prices by 1.7 percent.

Prices have risen even more sharply in 1966. Not only did wholesale prices rise at the annual rate of 3.8 percent in the first 7 months of the year and consumer prices rise at an annual rate of 3.1 percent, but price increases became more general. While food prices continued to rise, prices of manufactured goods and services also began to rise.

In the past 18 months the average size of wage settlements in manufacturing industries has increased. In several instances this year, contract settlements have clearly exceeded the level identified as noninflationary by the President's economic advisors. Next year there will be more major labor-management negotiations. If prices continue to rise, a serious spiral of rising wages and rising prices could result.

The inflationary pressures now evident have developed in spite of the anti-inflationary actions which took effect earlier this year, which were described as being moderate. As we look back, they may have been too moderate. In February of this year the House passed the Tax Adjustment Act of 1966. This act applied graduated withholding to wages beginning on May 1. It also accelerated corporate tax payments and restored excise tax rates on passenger automobiles and telephone service to December 1965 levels. The effect of this act was to reduce potential consumer and investment spending by $3 billion during the remainder of calendar year 1966. The administrative action accelerating the payment by employers into Government depositories of withheld income taxes and of social security taxes and the January increase in payroll taxes for social security and medical care reduced consumer and business purchasing power by another $7 billion. It is important to note that these increases totaled $10 billion. This $10 billion was taken out of the economy and, as I say, perhaps has not proven to be enough.

Such pressures have also developed in spite of monetary restraint. The supply of credit has not been permitted to expand as rapidly as the demand for credit. As a result, interest rates have been driven to their highest levels in 40 years and the expension of some sectors of the money market has been severely curbed. In particular, money for home mortgages has become so scarce and mortgage interest rates have been driven so high that housing starts have declined sharply. In August the level of such starts was nearly 30 percent below the average level of starts in 1965. Money market conditions have also been cited as an important factor in the disappointing performance of the stock market.

PRESSURES IN THE CAPITAL GOODS INDUSTRIES

As stringent and as timely as these anti-inflationary actions have been, they have not succeeded in moderating inflationary pressures in all sectors of the economy. In particular, business investment in plant and equipment has continued at a very rapid pace. Earlier in the year, the Department of Commerce—Securities Exchange Commission survey revealed that businessmen planned to step up their spending for new plant and equipment in 1966 to $60.8 billion, 17 percent more than they spent in 1965. Not only does this represent the highest absolute level in history, it is also the largest percentage increase in the present expansion. The September survey shows that despite high interest rates, lengthy order backlogs for machinery and equipment and Presidential requests for moderation, business firms have not scaled down their earlier plans.

The insistent demands of business for new capital goods have outstripped the capacity of the capital goods industries

to produce such goods. As a result, new orders tend to be reflected in increases in the backlog of unfilled orders rather than in increased production. For example, in July the volume of unfilled orders for machinery and equipment was nearly double the volume of unfilled orders in December 1961. The order backlog for metal-cutting machine tools was over 10 months—50 percent longer than the length of the backlog in July 1965.

In an attempt to meet demands, capital goods manufacturers have employed virtually all available supplies of skilled labor and industrial capacity and have shifted to overtime work. Not unexpectedly, prices have risen. In July, the index of metalworking machinery prices was a full 6 percent above the level of 1 year earlier and the index for general purpose machinery was 5.1 percent higher.

Pressures have also been evident in the construction field with the exception of the construction of owner-occupied residential housing. Wage increases in the construction field have been particularly marked.

One reason why the pace of activity has been overheated in the capital goods industries is the existence of tax incentives—chiefly the investment credit—encouraging such investment. These incentives were introduced at a time when investment was lagging. Under the circumstances, providing the investment credit in 1962 was a timely and necessary action. The credit is not needed now, however, for the demands of the conflict in southeast Asia provide a sufficient supplement to normal civilian demands to keep the capital goods industries working at capacity levels. Continuance of the investment credit under these circumstances merely serves to overheat the economy.

THE SELECTIVE IMPACT OF THE BILL

This bill will have its principal impact on the inflationary pressures which have developed in the capital goods markets. The bill provides for the temporary suspension of the 7-percent investment credit and for the temporary suspension of the use of accelerated methods of depreciation with respect to buildings—other than the relatively few buildings eligible for the investment credit. The suspension of the investment credit will apply to machinery and equipment—accelerated depreciation will continue to be available for such items—ordered or acquired from September 9, 1966, through December 31, 1967, with the important exception that the first $15,000 of such investment will continue to qualify for the credit. The suspension of the accelerated methods of depreciation will apply to buildings whose construction is begun during the suspension period. The suspensions will not apply, however, in the case of machinery and equipment or buildings whose construction was begun before September 9 or which were ordered under the terms of a contract binding on the taxpayer on September 8 and at all times thereafter. I will have more to say about this exception later.

Suspending these particular tax incentives for investment in machinery, and equipment, and buildings will, in effect, increase the cost of such items. Machinery and equipment, for example, ordered or constructed during the suspension period will now cost the taxpayer from 2.4 percent to 7.5 percent more than it would cost if he could still claim the investment credit. It is estimated that accelerated depreciation on buildings has the effect of reducing their cost by 4 percent. Following the suspension, this cost reduction will no longer be available. These effective cost increases will make investors less anxious to acquire capital goods. Marginal investments will certainly be postponed until after the suspension terminates.

When the suspension period terminates, the existing limitation on the amount of the credit which may be claimed in any one taxable year will be raised. The limit is now the amount of tax liability up to $25,000 plus 25 percent of any liability in excess of $25,000. Under this bill, the limitation beginning on January 1, 1968, will be the amount of the tax liability up to $25,000 plus 50 percent of any liability in excess of $25,000. In the case of taxable years which do not begin on January 1, 1968, the limitation will be prorated to reflect the portion of the calendar year 1968 which falls within the taxpayer's taxable year. This provision may further encourage taxpayers to defer investments in machinery and equipment until the suspension period terminates.

The bill, in other words, will have an important impact on a particular area of the economy where inflationary pressures are severe. It will thereby reinforce the other features of the anti-inflationary program—Federal expenditure reduction and measures to reduce credit stringency—which have a more general effect on the overall economy. The entire program therefore represents a carefully designed approach to current problems.

THE BILL WILL HAVE AN IMMEDIATE IMPACT

I ask you to consider with me now the arguments that have been raised against this bill.

In the first place, it has been argued that the bill will have a delayed effect. This argument focuses on the length of time it takes to deliver items of capital equipment. The average delivery lag is something like 9 months, and, therefore, it is concluded that the bill would not have much effect for 9 months or a year.

This argument mistakenly focuses on the bill's effect on tax liabilities when it ought to focus on its impact on economic activity. Equipment is delivered—and it becomes the basis for an investment credit—only after the economic activity necessary for its planning, construction, and installation is completed.

The bill will have an immediate effect on new orders for machinery, equipment, and buildings because such material will be ineligible for either the investment credit or, as the case may be, accelerated depreciation. It is the reduction in orders which will have an effect on the pace of economic activity in the capital goods industries.

When the number of incoming orders declines, order backlogs in the capital goods industries will diminish. This will encourage producers to return to normal production schedules by cutting down on costly overtime operations. They will also reduce orders they place with their suppliers. To the extent that demand pressures have encouraged capital goods producers to build up inventories and to hoard the available supply of skilled workers, this bill will ease such conditions—which are characteristic of an overheated economy. Producers will be reluctant to accumulate large inventories if they do not have substantial and growing order backlogs. In the same way, they will be reluctant to tolerate wasteful employment policies.

In this connection, I should like to point out that many of the statements of administration spokesmen earlier in the year were based on the assumption that suspension of the credit would apply on the basis on installations of equipment rather than on the basis of orders. Had your committee's bill not been based on orders but had been based on installations, and had provided an exemption for all equipment ordered before September 9, the economic impact of the bill would have been delayed.

THE BILL WILL CONTRIBUTE TO MONETARY EASE

I have also heard it said that this bill will intensify existing tight money conditions by forcing business firms to borrow even larger sums in order to pay the additional cost of investment occasioned by the suspension of the investment credit and, in the case of buildings, of accelerated depreciation.

On the contrary, this bill will help to reduce business demands for funds. Those investments which must be carried through during the suspension period because they were started or were contracted for prior to September 9, will not be affected by the bill. Some investments will be made without the investment credit because they will continue to be profitable despite their increased cost. The resulting increased demand for money, however, should be more than offset by the investments which will be delayed because of the increased cost. A net reduction in the demand for new plant and equipment should therefore be reflected in a net reduction in demands for business loans. This effect of the bill will reinforce the administration's program for reducing new issues of Federal securities in the long-term money markets. On balance, then, the program including the bill will contribute to a relaxation in present monetary restrictions.

THE BILL PROVIDES THE RIGHT PRESCRIPTION FOR INFLATION

Some observers have argued that we should not suspend incentives to investment because the best answer to inflation is to increase the economy's capacity to produce. They say that if investment slows down because of the withdrawal of these tax incentives, capacity will not increase as rapidly and inflationary pressures will get worse.

This argument may be valid in the long run but it overlooks the fact that in the short run our ability to produce investment goods is not unlimited. If we load too much demand on the capacity available to produce capital goods we

will, in the short run, succeed only in overheating the economy and not in increasing output. Our capital goods industries are now working overtime. An increase in orders cannot increase output but can only put more pressure on prices. That is why inflationary pressures will be curbed by reducing demand in these industries to a level more in line with their existing capacity.

THE BILL WILL CONTRIBUTE TO BALANCED GROWTH

I have also heard it said that this bill will have too harsh an effect on the economy, that it may contribute to a leveling off in economic activity and possibly even a downturn. Those who hold this viewpoint with concern to the recent behavior of one or two economic indicators, such as the fact that durable goods orders declined in August, or the fact that the September Department of Commerce–SEC survey did not indicate that producers will increase actual plant and equipment outlays relative to earlier plans.

I say that we are more likely to have a recession if we do not pass this bill than if we do. Clearly the buildup in inflationary pressures is the dominant feature in the current economic outlook. The behavior of one or two economic indicators in a single month is, as we all know, no basis for diagnosing a recession. While business plant and equipment plans in September were no higher than they were earlier in the year they remained at a very high level, and may have been restrained by the fact that the equipment industries simply cannot deliver the equipment any faster.

I think it is far more important to concern ourselves with the fact that once inflationary pressures are allowed to get out of control they usually produce distortions in the economy that bring on a recession. An overexuberant boom is almost always followed by a bust. Many recent economic developments are uncomfortably similar to the type of excesses which have so often in the past preceded a downturn—for example, the prevelance of the highest interest rates since 1929, the sharp decline in the construction of owner-occupied residential housing, and the boom in plant and equipment spending. I personally am concerned that investment in plant and equipment will accelerate to the point where it can no longer be sustained. It is currently estimated for example, that our manufacturing capacity will increase by 7 percent this year while the economy's real rate of growth—that is, corrected for price changes—will be somewhere between 4 and 5 percent. Once investment creates excess capacity, there will be a reaction which will last until demand catches up with supply potential.

THE TERMINATION DATE IS NOT FROZEN

Before leaving this point, I also want to emphasize that there is no reason why the date set down in this bill for terminating the suspension, December 31, 1967, cannot be moved up if conditions warrant. That is, if the intensity of the defense effort in Vietnam should diminish unexpectedly, or some other similar event should occur, we in Congress can decide to terminate the suspension period a few months early. Your committee has received assurances that the administration would not oppose such a measure if they were convinced conditions warranted it.

THE INVESTMENT CREDIT WILL REMAIN IN THE TAX CODE

It has been reported to me that some people feel suspension of the investment credit is simply a backdoor approach to repealing it entirely. I want to assure the Members of the House that your committee has no intention of repealing the investment credit or permanently prohibiting the use of accelerated methods of depreciation with respect to new buildings. We view the suspension as an extraordinary measure related to the special economic situation we now find ourselves in; namely, that the material needs of a major defense effort are placed upon us at a time when the economy is operating at full employment.

Your committee's determination that the suspension will be only temporary is shown by the fact that we have amended the investment credit provisions to improve their operation once the suspension period is terminated. In the first place, this bill increases the limitation on the amount of investment credit that may be claimed in any one taxable year, as I have previously explained. In the second place, the bill extends the period of time in which any credits earned during a taxable year which remain unused—as a result of the limit I just referred to—can be carried over for use in another taxable year. Presently, unused credits may be carried back to the 3 prior taxable years and, if not used up in this way, carried forward to the succeeding 5 taxable years. Your committee's bill extends the carryforward period from 5 years to 7 years.

THE BILL WILL NOT WEAKEN THE BALANCE OF PAYMENTS

Another criticism leveled at this bill is that it will weaken our balance of payments by slowing the pace of modernization. We must, of course, modernize our production facilities to remain in the race for world markets.

Let us not forget that the suspension provided in this bill will only last 16 months. The country's international position will not be weakened in such short period. Moreover, the short-run impact of the bill may even strengthen the balance of payments. I say this because it is obvious that in certain machinery and equipment lines, present demand pressures have resulted in an increase in imports. Domestic investors have turned to foreign sources of supply because of the length of order backlogs. At the same time, increases in prices fostered by overly strong demand conditions have discouraged exports. This bill will promote a reduction in imports and help to perserve existing export markets.

THE BILL IS WORKABLE

Finally, I have heard a great deal of argument to the effect that this bill raises administrative problems that are too difficult to solve in a manner that is fair to the taxpayer.

I can assure you that the members of your committee worked hard on this bill to make sure that it would be both fair and workable. We recognized that it would be unfair to deny the investment credit or, as the case may be, accelerated depreciation, to items which the taxpayer was committed to purchase or construct before he knew about the possibility that these tax incentives would be suspended. That is why we exempted such items from the impact of this bill.

To make the bill both fair and administratively feasible, we have specified that if over 50 percent of an item is either under construction or on order under the terms of a contract binding on the taxpayer at the time the suspension period went into effect, then the entire equipped building or piece of machinery would qualify for the investment or, where applicable, accelerated depreciation. This rule is fair to a taxpayer who had not actually contracted to purchase all the equipment which is obviously needed to complete an item whose construction or acquisition he was committed to complete on September 8. At the same time, the 50-percent test provides a workable administrative rule.

There are other rules covering such special situations as lease arrangements and the committee report spells out in some detail the nature of a binding contract. These rules are summarized in material which I shall ask to be included in the RECORD following the text of my remarks.

The exclusion of up to $15,000 of investment during the suspension period will help to make the bill fair and workable. It will mean that small businessmen, including many farmers, will not be affected by the suspension. Such businessmen would probably have the greatest difficulty with the administrative provisions of the bill.

We believe that the bill is so drawn that there will be no question about the status of most investment property. It will either be clear that it is suspension-period property which is to be denied the investment credit or, in the case of a building, accelerated depreciation, or that it is not to be denied these tax benefits. The number of borderline cases, although they are apt to receive a disproportionate amount of attention, will not, in the final analysis, be any larger or any more difficult than the number of borderline cases in any similar tax change.

To say that we should not change a provision in the tax code even though such a change would be in the public interest simply because it raises administrative problems is to say that once enacted, a provision can never be changed. Congress cannot accept such an argument.

CONCLUSION

In conclusion, I wish to emphasize once more that this bill is simply one part of a larger program to restrain inflation and ease existing monetary restrictions. We cannot ignore the problem of mounting inflationary pressures. This bill and the

program it is related to provide effective action. I therefore urge its passage.

SUMMARY OF PROVISIONS OF H.R. 17607

A. SUSPENSION OF THE INVESTMENT CREDIT

1. The general rule

The bill temporarily suspends the investment credit for the period from September 9, 1966, through December 31, 1967.

2. Exceptions

The suspension does not apply, however, to investments up to $15,000 made by a taxpayer or a business during the suspension period.

An exception is also made—so the suspension will not apply—for property acquired or constructed pursuant to a contract binding on the taxpayer at all times after the beginning of the suspension period.

3. Effect of suspension on credit limitation

Investments for which no credit is allowable, because they represent acquisitions or orders during the suspension period, lower the maximum limitation with respect to which credits may be claimed for investments for the year involved and in that way decrease the amount of other investments for which a credit may be taken during the year—either in the form of investments made during the year or as carryovers from other years. Credits which are unused as a result of this provision may be carried over and used in other taxable years.

B. SUSPENSION OF ACCELERATED DEPRECIATION ON BUILDINGS

1. The general rule

The bill also suspends the use of accelerated methods of depreciation with respect to buildings (other than those eligible for the investment credit) which are constructed or ordered during the suspension period. Depreciation on these buildings will therefore have to be computed under the straight line method or the declining balance method at a rate 1½ times the applicable straight line rate (or under some other method which provides a similar reasonable allowance for depreciation). The double declining balance method and the sum of the years—digits methods will not be available at any time in the future for buildings constructed or ordered during the suspension period. (This is due to the operation of existing law which provides that these accelerated depreciation methods are available to new assets only.

2. Exceptions

As in the case of the investment credit, an exception is provided for buildings whose construction was begun prior to the start of the suspension period or whose construction was contracted for under the terms of a contract binding on the taxpayer before the start of the suspension period.

C. RULES COMMON TO THE SUSPENSIONS OF THE INVESTMENT CREDIT AND OF ACCELERATED DEPRECIATION

1. Suspension period property

As noted, the investment credit and the use of accelerated depreciation methods are not to be denied in the case of property whose physical construction was begun before September 9, 1966. Nor are they to be denied with respect to property constructed or acquired pursuant to a contract which was binding on the taxpayer at the close of September 8, 1966, and at all times thereafter.

2. Equipped building rule

In the case of a building constructed or equipped pursuant to a plan drawn up before the suspension period and not substantially modified during the period, the investment credit or the use of accelerated methods of depreciation, as the case may be, is not to be denied if more than 50 percent (determined on the basis of cost) of the depreciable property making up the equipped building is attributable to items whose construction was begun before September 9, 1966, plus which were ordered under contracts binding on the taxpayer on and after September 8, 1966. Where an "equipped building" qualifies under this rule for the investment credit or for the use of accelerated depreciation, one or the other of these provisions (depending on the type of asset) is also to be available for incidental appurtenances located outside the building which are necessary to the functioning of the equipped building.

3. Machinery or equipment completion rules

(a) General rule: The investment credit is not to be denied to a machine or a piece of equipment, including any parts or components necessary to make the equipment a functioning unit, if more than 50 percent of the machine or piece of equipment was on order under the terms of a contract binding on the taxpayer on and after September 8, 1966.

(b) Certain taxpayers who regularly assemble or produce their own machinery or equipment: In the case of a taxpayer who regularly manufactures or assembles machinery or equipment for his own use, the investment credit is to continue to be available with respect to machinery or equipment he manufactures or assembles for his own use after September 8, 1966, provided the taxpayer had more than 50 percent (determined on the basis of cost) of the parts and components of the piece of machinery or equipment on hand, or on order under the terms of a contract binding on the taxpayer, on that date.

4. Leases where transfers are made to financiers

The investment credit or the use of accelerated methods of depreciation, as the case may be, is not to be denied where a person who is a party to a contract binding on and after September 8, 1966, transfers either the rights to the contract (or the property to which the contract relates) to another person as part of a financing transaction in which a party to the contract retains the right to use the property under a long-term lease.

5. Certain leases involving third parties

The investment credit or the use of accelerated methods of depreciation, as the case may be (subjest to certain limitations) is not to be denied to property constructed or acquired under the terms of a lease agreement entered into before September 9, 1966, provided the agreement obligates the lessee or lessor to construct or acquire such property.

6. Rules where property is transferred at death, etc.

The bill also provides that property transferred at death or in certain other transactions (generally those in which the transferee assumes the transferor's basis in the property) is to have the same status in the hands of the transferee as it had in the hands of the transferor with respect to any binding contracts, etc.

D. THE RELAXATION OF CERTAIN LIMITS ON THE INVESTMENT CREDIT

1. Increase in percentage limitation

The bill also provides that, effective for taxable years beginning after the end of the suspension period (Dec. 31, 1967), the amount of investment credit which may be claimed in any taxable year is to be an amount equal to the entire tax liability up to $25,000 plus 50 percent of any tax liability over $25,000 instead of $25,000 plus 25 percent of any tax liability over $25,000 as is provided by present law.

2. Provision of a 7-year carryforward

The bill also extends the period in which unused investment credits may be carried forward to 7 years (presently it is 5 years). In the latter case, the extended carryforward period generally will be effective with respect to carryovers from taxable years ending after December 31, 1961.

Mr. MILLS. There are a number of technical problems in connection with the bill which, I believe, for the most part, are explained in the committee report. It occurred to me that it might be useful to the Members if I were to summarize at this point some of what seems to me the most important rules as outlined in the committee report:

1. WHEN CONSTRUCTION BEGINS ON A BUILDING

Physical construction of a building begins for purposes of the bill when actual work on it commences—that is, when work commences on the digging of the footings of a building or the driving of foundation piles into the ground. Preliminary work, such as clearing a site, test drilling to determine soil conditions, or excavation to change the contour of the land—as distinct from excavation for footings—does not constitute the beginning of the physical construction, reconstruction, or erection of a building.

2. WHEN CONSTRUCTION BEGINS ON A MACHINE

In the case of a machine or equipment, construction does not begin when parts or components of the machine or equipment are purchased. Moreover, construction does not begin on the machine or equipment when processing or assembly of a part or component of a machine begins. In this latter case, construction has begun only on the part or component involved and not on the entire machine. For example, in the case of a construction of a transistor to be used in a computer, the beginning of construction of the transistor does not mean that construction has begun on the computer.

3. A CONTRACT MAY BE BINDING EVEN THOUGH THE PRICE IS DETERMINED AFTER SEPTEMBER 8, 1966

A contract may be considered binding on a taxpayer even though the price of the item to be acquired under the contract is to be determined at a later date.

4. A CONTRACT MAY BE BINDING EVEN IF SUBJECT TO CONDITIONS ON OR AFTER SEPTEMBER 8

A contract may be considered binding on a taxpayer even though the contract contains conditions the occurrence of which are under the control of a person not a party to the contract. Similarly, where a contract contains a condition which is under the control of one of the parties to the contract and this party is obligated—either by the specific terms of the contract itself or by operation of State law—to use his best efforts to secure the occurrence of the condition, the existence of the condition in the contract does not prevent the contract from being one which is binding on the taxpayer.

5. A CONTRACT MAY BE BINDING EVEN IF THE TAXPAYER CAN MAKE MINOR MODIFICATIONS

A contract may be considered binding on a taxpayer even though the taxpayer has the right under the contract to make minor modifications as to the details of the subject matter of the contract.

6. A CONTRACT MAY NOT BE BINDING IF DAMAGES ARE ONLY NOMINAL

A contract which limits the damages to be recovered, in the event of a breach by the purchaser, to the amount of a deposit or to liquidated damages is not a binding contract if the deposit or the liquidated damages are nominal in amount. In determining whether a deposit, or liquidated damages, or the amount paid for an option is nominal, the size of the deposit, and so forth, relative to the contract price of the property which is the subject matter of the contract is to be taken into account. If the deposits, and so forth, are a significant portion of the price of the item, the contract may be a binding contract.

7. A CONTRACT IN WHICH THE ORDER MAY BE CANCELED WITHIN A SPECIFIED PERIOD OF TIME

Where an order for the purchase of property may be canceled by the purchaser within a specified period of time, such as 90 days, the order is a contract binding on the purchaser if the period of time had expired before September 9, 1966, or had been terminated by partial performance with the buyer's consent.

8. THE EQUIPPED BUILDING RULE

The equipped building rule provided in the bill provides that the investment credit or accelerated depreciation is to be available with respect to the completed building, the equipment and machinery to be used in it, and also incidental machinery, equipment, and structures adjacent to the building—referred to as appurtenances—which are necessary to the planned use of the building, where the following conditions are met:

First, the construction, or reconstruction or erection, or acquisition of the building, machinery, and equipment was pursuant to a specific plan of a taxpayer in existence on September 8, 1966; and

Second, more than 50 percent of the adjusted basis of the building and the equipment and machinery to be used in it, as contemplated by the plan, is attributable to property on which either construction has begun before September 9 or which was acquired or under binding order before September 9.

In applying this rule, the machinery or equipment ordered or constructed before that date which is to be taken into account in applying the 50-percent test is to include essential parts or components ordered subsequently which, under the special machinery and equipment rule, are to be eligible for the investment credit.

9. MACHINERY AND EQUIPMENT COMPLETION RULE—GENERAL RULE

In the case of a piece of machinery or equipment the special rule provides that where more than 50 percent of the adjusted basis of the completed machine is attributable to parts and components which were on hand or were acquired pursuant to a binding contract in effect on September 8, 1966, then any additional parts and components necessary to make this piece of machinery or equipment a functioning unit are to be treated as property which is eligible for the investment credit.

10. MACHINERY AND EQUIPMENT COMPLETION RULE FOR TAXPAYERS WHO BUILD THEIR OWN EQUIPMENT

The bill provides that in the case of a taxpayer who regularly assembles or otherwise produces pieces of machinery or equipment for his own use, any piece of machinery or equipment which he assembles or otherwise produces for himself out of parts and components more than 50 percent—based on cost—of which he had on hand on September 8, or acquired under a binding contract in effect on that date, are to be treated as eligible for the investment credit.

11. LEASES ARRANGED FOR FINANCING

The types of arrangements which are covered by this provision are as follows:

First, cases where the user of the machinery and equipment or building has a binding contract to purchase machinery and equipment or a building on September 8, 1966, and subsequently transfers the contract to purchase the property to a financial institution but leases back from the financial institution, under a long-term lease, the right to use the property;

Second, cases where a business has a binding contract on September 8, 1966, to purchase machinery, equipment, or a building, and subsequent to that time obtains delivery of the property, immediately—before using it—transfers it to a financial institution, and leases the property back under a long-term lease agreement; and

Third, cases where a business has entered into long-term lease arrangements with a builder or supplier of machinery, equipment, or buildings before September 9, 1966, and the builder or supplier subsequent to that time sells the property involved to a financial institution subject to the lease arrangement referred to.

12. LEASES INVOLVING THIRD PARTIES

Your committee's bill provides that where a binding lease or contract is in effect on September 8, 1966, under which a lessor or lessee, or both, is obligated to construct, reconstruct, or erect, or acquire machinery, equipment, or a building which is specified in a lease or contract, then any property constructed under such a lease or contract is not to be denied the investment credit or accelerated depreciation, as the case may be. This provision in the case of lessees applies only to those who had leases on September 8, 1966. However, in cases where a project includes property, in addition to that covered by a specific lease agreement, the rule specified above is to apply to this other property only if the binding leases and contracts in effect on September 8, 1966, cover real property representing at least a quarter of the entire project. This is to be determined on the basis of the rental value of the different parts of the project.

Mr. MACGREGOR. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Minnesota.

Mr. MACGREGOR. Mr. Chairman, a number of us in considering initially the Tax Reduction Act of 1964 were concerned about supporting that proposal until we had some concrete assurance of restraint on expenditures. Those assurances were forthcoming in the President's budget message of 1964, and many of us voted for the bill on final passage.

We are now, it seems to me, faced with a similar situation. At least some of us in this chamber are concerned about our votes today because of the fact that 22 days have elapsed since September 8, and we have no information whatever about the $1.5 billion of expenditure reduction supposedly ordered by the President or the $3 billion of expenditure reduction which he will eventually order.

Mr. MILLS. Let me assure the gentleman that he need have no grounds of concern that it is not going to be done. At least $3 billion is going to be knocked out of whatever expenditure total the Congress makes available. The regrettable thing is that we were not satisfied here with the very high level of spending on the domestic front set in the President's budget. We had to up it, and on many occasions when we did so, most of us voted for the increase.

Mr. MACGREGOR. As the distinguished gentleman from Arkansas knows, I have not been one of those.

Mr. MILLS. I have not checked your record, but I must plead with others that I have voted for some of those increases, like aid to impacted areas and the school milk fund, because I thought they were good programs.

Mr. MACGREGOR. Does the distinguished Committtee on Ways and Means have any information on the $1.5 billion in cuts already ordered?

Mr. MILLS. Yes, we do have. The Director of the Bureau of the Budget told the committee that about 70 percent of the $1½ billion, or first slice, represents delays and postponements of construction or other capital investment contract awards. He indicated that Federal construction, grants-in-aid, and loans are also involved. He informed the committee that this represented about 10 percent of the Federal budget for construction. He also indicated that this would have a larger impact on the economy as a whole than this particular sum of money because part of these funds represents grants-in-aid to States and local governments and if the Federal contributions are not made, the State and local contributions also are unlikely to be.

Mr. MACGREGOR. Can the gentleman give us any specifics?

Mr. MILLS. I do not want to know the specifics of particular projects, because I am satisfied they might cut out something I do not want them to cut out. If I knew something about the projects, I might try to stop them.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, although I have wanted very much to vote for something that will have at least the psychological impact this bill will have, at first I was very much afraid that I would not be able to do so, because it might have an adverse impact upon the

agricultural industry and small business to a greater extent than it would do good. About 15 of us, as the gentleman knows, from the Midwest on this side of the aisle were very concerned about this and talked to the gentleman and members of the committee about it. It would have caused an immediate reduction in farm machinery sales, cost farmers, and resulted in a layoff at some farm machinery plants. It also would have too greatly affected some other small business including the tool and die business.

I take this time to commend the gentleman for having worked out a way to overcome this problem and at the same time to have a good bill, and that is by providing for the $15,000 exemption in purchases.

Mr. MILLS. I thank the gentleman from Iowa, and I call his attention to the fact that this $15,000 exception applies across the board. Every company that makes an investment during the suspension period gets up to $15,000, or whatever the total of his investments might be if lesser. If a company invests $100,000, it still gets an exemption of $15,000. If it makes a $10,000 investment, of course it gets 7 percent of the total $10,000.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. CURTIS. Mr. Chairman, simply in reference to the colloquy which was going on between the gentleman from Arkansas and the gentleman from Minnesota, in respect to expenditures, the gentleman from Arkansas was saying that the cut would be from the President's budget figures. I am referring to the congressional appropriation bills. It is true—and I am reading from page 47 of the budget presented in January.

Mr. MILLS. Mr. Chairman, will the gentleman ask his question?

Mr. CURTIS. I am going to. I am leading up to it.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. MILLS. Mr. Chairman, I yield myself an additional minute.

I yield to the gentleman from Missouri.

Mr. CURTIS. New authority recommended is $121.9 billion, which the gentleman has pointed out the Congress has increased by about $114.7 billion carryover power to spend. Is this $3 billion going to be cut out of that too?

Mr. MILLS. It will be cut out of the total of whatever expenditures relate to the funds Congress makes available to be spent.

Mr. CURTIS. But the President has not given us any estimate of what he is going to spend, has he? So we do not know about the $3 billion.

Mr. MILLS. As a part of the program which includes this legislation, the President has agreed publicly to his statement to reduce by $3 billion whatever level of spending relates to the appropriation bills Congress approves.

Mr. CURTIS. If the gentleman will yield further, the gentleman knows that Congress does not set the level of spending. We generally only give the President the power to spend. He alone sets the level of spending.

Mr. MILLS. However, there is a level of spending which the Budget Bureau can determine only after we finish with the appropriation bills. Whatever expenditure total we give him in this manner, he will reduce by $3 billion.

Mr. CURTIS. We have no evidence from the hearings of what level the Executive has in mind, so how do we know where the $3 billion will be from?

Mr. MILLS. The President gets criticized for various things. Every President does. But there is one thing that must be said about the present occupant of the White House: He has ended up at the end of each fiscal year during which he has been President with a lot less deficit than I thought he was going to have at the beginning of the year.

Mr. CURTIS. Will the gentleman yield for one further observation?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. CURTIS. The gentleman knows that up until September 1965 I praised the President for this record.

Mr. MILLS. I know the gentleman did.

Mr. CURTIS. Beginning in September 1965, the thing changed.

Mr. MILLS. I agree with the gentleman that the figures are clear, that it was on that date the spending level began to rise more sharply. Most of the increase, I believe, has been for Vietnam.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield, and will the gentleman take some additional time?

Mr. MILLS. Mr. Chairman, I yield myself 2 additional minutes, and I yield to the gentleman from California.

Mr. HOLIFIELD. I wish to commend the gentleman on his usual masterful explanation of this bill. I commend the chairman and the members of the committee for bringing this type of measure before the House.

There is one factor in the bill, as I understand it, which is a change in the rapid acceleration depreciation, which either the gentleman did not explain or, if he did, the explanation of which I missed.

Mr. MILLS. What we have done in that respect, very briefly, is to suspend for the same period of time that we suspend the 7-percent investment credit the use of accelerated methods of depreciation with respect to buildings. These were the accelerated methods written into law in the Internal Revenue Code in 1954. They give the taxpayer the right to depreciate property under the 200-percent declining balance method and the sum of the years—digits method. However, these methods are available only for new property in the hands of the original user.

We do preserve, however, the 150-percent declining balance method which is applicable under existing law to old as well as new structures. That is, under present law, if someone buys from another person who has used the property he could get 150 percent declining balance depreciation, but if he built a new building he might take as much as 200 percent declining balance depreciation under the provisions of existing law. Under this suspension he would get only the 150-percent rate on new property constructed or ordered during the suspension period. There would be no effect on the 150-percent declining balance depreciation which will continue to be available even though this property is transferred during the suspension period.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from New Jersey.

Mr. JOELSON. Would the distinguished gentleman discuss the problem of a businessman whose place of business is being taken by condemnation?

Mr. MILLS. I heard the gentleman discuss that during the consideration of the rule.

There is no special provision here for a person who loses property as the result of condemnation. I would call attention to the fact that whenever a State takes property there is a provision in the Federal tax law for a forgiveness of the capital gain that he would otherwise have to pay taxes on in connection with that property, provided he reinvests in similar property within a limited period of time and meets certain other conditions. That gives the taxpayer, in a condemnation suit, about as good a break as we could give.

We did not in this bill also give him the right to use the 1954 code accelerated depreciation methods with respect to any replacement property he acquired during the suspension period.

Mr. OLSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I am glad to yield to the gentleman from Minnesota.

Mr. OLSON of Minnesota. I want to point out the very important argument the distinguished chairman made when he pointed out that the capacity to produce capital goods has gone to the point it can outstrip demand. When the point arises it has, it is very dangerous. The cussing the rule, that we have no fear of argument was made, when we were disinflation if we can produce enough goods to meet demand.

Mr. MILLS. That is the longrun argument, but we can have an inflationary situation in the short run when we try to increase our capacity too quickly. Moreover, if the increase in capacity continues to far outstrip the 4- to 5-percent normal growth that we have, we are bound to reach a period of time in which there is overcapacity. This can have serious economic effects.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired.

Mr. MILLS. Mr. Chairman, I yield myself 2 additional minutes.

This excess capacity would then have to be less than fully utilized until demand caught up with it.

We are talking here about the short run. I would agree with everything said if we were repealing these provisions. The long-range situation then would be an important factor to take into account.

Mr. OLSON of Minnesota. I wish to say I do agree with the chairman. I

merely wanted to emphasize the point, because it is an appealing argument that can be made to one who does not examine thoroughly what the gentleman has said.

Mr. MILLS. I might point out the reason there are such order backlogs in capital, goods industries is not so much a lack of capacity as it is a lack of skilled workers. Skilled workers are badly needed in the machine tool industries, as we all know. Those available are being worked overtime.

This bill will not put men out of work in the capital goods industries. Labor conditions are so tight in these industries now that overtime is general and competition for skilled workers is intense. On page 8 of the committee report statistics outlining this situation are presented. They show that the rate of unemployment in the nonelectrical machinery industries is down to the extraordinarily low rate of 1.4 percent while the length of the average workweek has risen to 43.4 hours.

This bill, by encouraging the deferral of marginal investments, will relieve the demand pressures on the capital goods industries which, in view of the shortage of skilled labor, are reflected in higher wage rates and more overtime and not in increased employment.

The bill passed yesterday is not in conflict with H.R. 17607 because it aims to train people to fill the vacancies for skilled workers. When the supply of skilled workers is increased, then increased demands on the capital goods industries can be met without generating inflationary pressures.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to my friend from Wisconsin.

Mr. BYRNES of Wisconsin. I wonder if this would not be an appropriate time to make a little legislative history about an item on which there seems to be some doubt. This has to do with the matter of the special purpose buildings which are now eligible for the investment credit, and whether the language used in the committee report the term "buildings" as used in the "equipped building rule" is intended to include special purpose buildings."

Mr. MILLS. Which would remain eligible under certain circumstances for the investment credit?

Mr. BYRNES of Wisconsin. And would remain eligible.

Mr. MILLS. The answer is "Yes," clearly "Yes."

Mr. BYRNES of Wisconsin. There seems to be some ambiguity.

Mr. MILLS. So I understand.

Mr. BYRNES of Wisconsin. But we did intend to do it.

Mr. MILLS. There is no question.

Mr. BYRNES of Wisconsin. The special purpose buildings which are eligible for the investment credit would be classified as buildings for the equipped building rule.

Mr. MILLS. Yes. There is no question but what the committee intended to include as a "building" under the "equipped building rule" any so-called special purpose buildings which may be eligible for the investment credit. This rule is used not only to determine whether a building is applicable for the accelerated depreciation methods where some construction began before the suspension period, but also whether machinery and equipment and special purpose buildings are applicable for the investment credit. Certainly in determining whether construction had started with respect to building, we intended to include under the same construction rule as ordinary buildings those special purpose buildings or structures designed for specific types of operations.

Mr. Chairman, I would close by urging the membership of this House not to be misled by some of the arguments that have been made and will be made about the longrun effort of such action as we take here by calling attention to the fact that shortrun considerations must govern in the case of a temporary suspension. We have emphasized the intention of Congress to retain the investment credit as a long run feature of the tax laws. This is indicated by the amendments we have made which will go into effect at the conclusion of the suspension when the investment credit becomes available again. I am referring here to the fact that we increased the percentage of tax above $25,000 that sets a limit for the investment credit, a taxpayer can take in a taxable year from 25 percent of that excess amount to 50 percent. This is the percentage we had in the House bill as it passed in 1962. This measure, coupled with the longer carryforward we provided for unused investment credits, emphasizes our intent to restore the credit. Therefore that this bill is not injurious even in the long run.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I will be glad to yield to the gentleman.

Mr. VANIK. I would like to ask the gentleman if he is prepared to tell the House about the action of the committee with respect to the amendment on air and water pollution.

Mr. MILLS. I will later. The committee has a committee amendment in that area as well as in another one.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I will support this bill, although not without considerable reluctance. Frankly, in my judgment, we are not offered much choice. I am convinced and have been convinced for a long time that we in this country face a real problem of inflation and something had to be done. Unfortunately, I think the administration is late in recognizing this problem. For the past 6 months the administration has been attempting to sweep it under the rug, but it is still here and it is growing, and it is time that the administration and the Congress faced up to it.

I am supporting the bill because it is the only measure proposed by the administration and within the jurisdiction of this committee, on which I serve, as a means of combating the inflationary pressures confronting our economy. As such I feel I must support it.

I am equally convinced, however, that the major cause of the problem is excessive Government spending, not business spending. This administration has deliberately, in spite of all warnings, failed to recognize that the Nation could not finance a war in Asia and at the same time steadily expand new domestic spending programs. I know of no economist outside of Government who thinks today that we can do both. Even Walter Heller, certainly no believer, in the past at least, in Government frugality, recently said as much. This is not, I would remind you, the statement of a conservative or traditional economist who basically believes in balanced budgets.

Mr. Chairman, this is the statement of an economist who in 1962, when he was President Kennedy's chief economic adviser, said that to reduce Government expenditures at the same time you reduced taxes would be self-defeating.

But, Mr. Chairman, then Mr. Heller says that we are headed for big deficits "unless"—and I use his words—"unless the President swings into action on a new fiscal course." He concludes, and I again quote him:

> The national income level has no business being in deficit in an overheated economy, at or below a 4-percent unemployment rate.

Furthermore, Mr. Chairman, the deficit we are facing in an overheated economy cannot be attributed to any shortfall in Federal revenue. The Government will take in at least $116 billion in Federal revenue in fiscal 1967, and this is in addition to the social security taxes and special excises dedicated for a specific purpose.

Mr. Chairman, I say "at least $116 billion" because this estimate was made a few months ago and already appears conservative. Revenues are ample not only for all of the normal expenditures of Government, but to finance the cost of the war in Vietnam.

Mr. Chairman, we are facing a deficit only because Government expenditures have exceeded revenues, and unless restricted, will continue to exceed any revenues which our tax system can produce.

And, Mr. Chairman, we cannot blame it all on the Vietnam war. Both civilian and military outlays are accelerating. This Congress, under the overwhelming control of the Democrat Party, is moving at an accelerated pace to vote out new and unbudgeted billions.

Mr. Chairman, our Federal expenditures are skyrocketing, and we had better take note of that fact. In July of this year, the first month of the new fiscal year, monthly Government expenditures were up by about $3 billion from the year before.

Mr. Chairman, when this increase was brought to the attention of the Secretary of the Treasury in our hearings he stated that 1 month's figures did not mean very much. But, now we have the August figures, and total Government expenditures for the month of August were up $2 billion over the same month last year.

In other words, Mr. Chairman, for just the first 2 months of fiscal year 1967 Government expenditures are $5 billion more than expenditures of a year ago. Monthly expenditures are running well in excess of $10 billion a month—$10.3 billion in July—and $11 billion in August.

At this rate, unless something is done, and done quickly, Government expenditures for the fiscal year 1967 may well exceed $127 billion, and not the $112 billion that we were told would be the budget of expenditures for fiscal 1967 in the President's budget message of last January.

And, Mr. Chairman, what is the administration doing about it? We are told that the President has directed a cutback of $3 billion in expenditures. My chairman has said that this will be done. I frankly do not believe that it will be.

When asked about this cutback, the Secretary's answer reminded me of one of the common complaints of those who advocate truth in packaging—the package or the grocer's shelves, bearing the label or sticker "3 cents off." They complain about this "3 cents off." Off of what, Mr. Chairman?

That is just what we have here. This $3 billion off. Off of what? We are not told. The Secretary suggested a cutback of $3 billion. Off of what? We were never told.

Did he mean $3 billion off the $112 billion estimated in the budget for expenditures or $3 billion off the $127 billion, the current level of expenditures? In my judgment, it makes a big difference where we start from as far as cutting back expenditures.

Truth in packaging and truth in Government financing apparently have different meanings to this administration. I see nothing to give me any confidence, to put at rest my doubts, that this administration really intends to cut back on spending programs.

Mr. BURTON of California. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Evidently, a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 322]

Abbitt	Farnsley	Martin, Mass.
Abernethy	Fino	Miller
Adams	Fisher	Monagan
Albert	Flood	Morrison
Anderson, Tenn.	Fogarty	Morse
Andrews, George W.	Ford, William D.	Moss
Ashley	Fulton, Tenn.	Murphy, N.Y.
Aspinall	Gettys	Murray
Ayres	Gray	Nedzi
Bolling	Grider	Nix
Bolton	Gross	O'Brien
Bow	Gubser	O'Konski
Brown, Calif.	Hagan, Ga.	Olsen, Mont.
Cabell	Hamilton	O'Neill, Mass.
Callaway	Hanna	Ottinger
Carter	Hansen, Wash.	Pirnie
Casey	Harvey, Ind.	Poage
Celler	Hawkins	Pool
Cohelan	Hays	Powell
Corman	Hébert	Purcell
Craley	Helstoski	Race
Curtin	Johnson, Okla.	Reid, N.Y.
Daddario	Keogh	Reinecke
Dague	King, N.Y.	Resnick
Davis, Ga.	King, Utah	Roberts
Denton	Landrum	Robison
Derwinski	McCarthy	Rogers, Tex.
Dickinson	McClory	Roncalio
Dyal	McDade	Rooney, Pa.
Edmondson	McMillan	Scott
Edwards, Ala.	McVicker	Selden
Edwards, Calif.	Mackay	Slack
Evans, Colo.	Mackie	Stephens
	Martin, Ala.	Teague, Tex.
		Thomas
Thompson, N.J.	Utt	Willis
Thompson, Tex.	Vivian	Wilson, Bob
Toll	Walker, N. Mex.	Wilson, Charles H.
Tunney	Weltner	Wright
Tupper	Whitten	

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. SISK) having assumed the chair, Mr. HANSEN of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 17607, and finding itself without a quorum, he had directed the roll to be called, when 312 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. When the Committee rose, the gentleman from Wisconsin [Mr. BYRNES] had 8 minutes remaining.

The Chair recognizes the gentleman from Wisconsin [Mr. BYRNES.].

Mr. BYRNES of Wisconsin. Mr. Chairman, as I said, I have seen nothing yet to give me any confidence—to put at rest my doubts—that this administration really means to cut back on its spending program, or that this Congress will force the administration to do so. And, even at face value, a cutback of $3 billion from an expenditure level of $127 billion, still leaves us with a budget well in excess of $124 billion. And, I do not call that cutting back Government expenditures.

Mr. Chairman, I support the bill because I believe that it constitutes at least some recognition on the part of the administration that an inflationary problem does exist. And as far as I am concerned it not only exists, but it is urgent. Prices for food, goods and services have been increasing at an accelerated rate, and if one does not believe that this is an urgent problem, one deserving our attention, just ask any housewife.

Mr. Chairman, increases in the cost-of-living index have exceeded any period during the past 10 years.

Interest rates—which are a part of the costs the American consumer must pay whether he is buying a house, an automobile or a major household appliance have risen to the highest level in 40 years. While the dollar is buying less and less, it is costing more and more to borrow.

If you do not think this is an urgent problem, just ask the auto dealer who must finance his inventory or a home builder who must get money to finance a house.

Residential construction is down more than 30 percent and new starts have declined at an even greater rate. Residential construction is the first casualty of the administration policy of guns and frills.

If this administration and this Congress does not do more than just what is in this bill, there will be many more casualties.

The deterioration of the value of the dollar, in other words "inflation," has led to a steady drain of our gold reserves. The international banking fraternity is meeting now in Washington and the continuing deficit fiscal policy of the United States is one of the major topics of discussion.

The administration not only has created an inflation at home but we are being blamed largely for exporting inflation abroad.

Nevertheless, I am reluctant in my supported of this bill and it is only the overriding urgency of the problem of inflation that has overcome may reluctance.

First. I am reluctant because I do not think that a suspension of investment credit can be enacted which will be equitable to all taxpayers and this one certainly will not be.

When the investment credit was first enacted, the Congress selected an arbitrary date and extended the credit to facilities put into use after that date regardless of when the facility might have been ordered, purchased or planned by the taxpayer. The taxpayer who had already acquired facilities without the need of the incentive was penalized. The taxpayer who held back was rewarded. Now the converse situation exists in the bill before us. The suspension is predicated on the date that the taxpayer contracted to buy the equipment. The taxpayer who held back on expansion plans—yes, who held back in deference to the request of the President—will be penalized. Taxpayers who went ahead without regard to the President's request will get the benefit of the credit.

Second. I am reluctant because this bill does more than just suspend the investment credit. It also provides for a liberalization of the credit at the end of the suspension period.

The period for carrying forward an unused credit is extended from 5 years to 7 years. Since we are suspending the credit for 16 months, I believe this is only fair and proper.

But in addition, after the suspension period, the maximum amount by which a taxpayer can reduce his tax liability by the investment credit is increased from 25 percent to 50 percent.

In other words, while their present credit could only reduce a taxpayer's liability in excess of $25,000 by 25 percent, this bill will provide that the credit can reduce a taxpayer's liability by 50 percent.

For certain industries, this will mean an automatic reduction of one-third in the taxes that they are presently paying.

This liberalization was adopted after very little consideration by the committee, and without any supporting data. It was not recommended by the administration. I know of no reason why we should liberalize the credit across the board in this manner.

If an industry cannot use the credit because the ratio of capital investment to earnings are high, there might be some justification for providing an exception to the 25-percent rule. In other words, if year in and year out, investment to an industry will give rise to a credit which is high in relation to normal earnings in that industry, you might be able to make a case for liberalization of the credit.

On the other hand, where the earnings of an industry are not low in relation to capital investment but the industry is prevented from using the full amount of the credit because other tax induce-

ments serve to reduce taxable income and result in reduction in tax liability to which the 25-percent reduction applies, in those cases I certainly can see no reason for the liberalizing of the investment credit.

In those industries, the problem does not arise because capital investments are high relation to earnings. The problem arises in those industries because the tax liability—reduced on account of other provisions in the Internal Revenue Code—is low both in relation to earnings and to capital investment.

This provision increasing from 25 to 50 percent the maximum amount of tax liability which can be claimed as an investment credit will result in a revenue loss—that is a tax reduction—of $850 million in the fiscal years 1968–70. It is a very significant change in the law that would confer tremendous benefits on relatively few taxpayers.

If we are going to reduce taxes in the fiscal years 1968–70 by $850 million, I can think of a lot more deserving areas, for reduction. One would be to grant taxpayers a tax credit for the cost of educating their children. A tax credit of $850 million would go a long way toward alleviating the burden of educational expenses on harassed parents.

Third. I am reluctant to support the bill for another reason. Fundamentally, in my judgment, this is predominantly tinkering with our tax laws as a gimmick, which the investment credit is, it is subject to tinkering. Notwithstanding protestations to the contrary, the credit is not and cannot be a part of our basic tax structure. It is a subsidy, pure and simple, and as such the temptation to tinker will be irresistible.

It is for that reason I maintained when the credit was enacted, and I still believe today, that the conventional tax recovery of capital investment through more adequate depreciation allowances, as liberal as needs be, should be substituted for the investment credit.

Fourth. I am reluctant because the bill is deficient. It does not fully meet the problems to which it is directed. The bill is intended to dampen enthusiasm for capital expansion. It takes away the inducement where the funds for expansion are supplied by private financing. However, it leaves untouched a large area, namely, the plants which are being built today and financed through tax-exempt industrial bonds.

The Treasury admits that the issuance of these tax-exempt industrial bonds has become a real problem. Today practically no major manufacturing company has to put up its own plant. If it shops around, it can find a municipality or a county that will issue tax-exempt bonds, build a plant, and rent the plant at a low rate.

In suspending the inducement for private construction of industrial facilities, we are making it even more attractive, it seems to me, to finance these facilities through tax-exempt bonds.

I and many of my colleagues have introduced bills directed toward this abuse of the tax-exempt privilege, but notwithstanding repeated requests, the Treasury has been reluctant to take a position on these bills. I think that this is a matter which should have been covered in the pending legislation.

Finally, and I think most important, I am reluctant because this bill, along with the so-called cutback in expenditures, has been hailed by the administration's spokesmen as the solution to the problem of inflation, and I do not want to participate in that deception. Yes, I agree that this bill can have some salutary effects. As the economist from the Federal Reserve Board who appeared before the committee told us, suspension of the investment credit may not serve to bring down interest rates to a more reasonable level, it might not sufficiently dampen the competition for investment funds to bring about a reduction in interest rates, but, as he said, it could well prevent interest rates from going higher.

If this will have that result, I think it certainly would be salutary, and I am satisfied that the bill will do some good. Otherwise I would not support it even reluctantly.

I believe the facts and figures pointed out by our chairman should be recognized by every individual here as calling for some kind of action. He points out that the plans for new plant and equipment for 1966 are about 17 percent above the plant and equipment put in place in 1965. In 1965 it was up 15.7 percent above the previous year. In 1964, it was up 14.5 percent. In 1962 and in 1963, the normal growth in new plant and equipment amounted to about 7 percent from year to year. If this will help to taper that off, I believe it will be helpful as far as coping with at least some aspect of this inflationary structure is concerned. It is on that basis that I support it.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 5 additional minutes.

I am concerned, however, over the fact that it may not do enough good. Like so many of these proposals of the administration, it will be oversold.

What we are enacting into law is nothing more than a deferred partial suspension of the investment credit. Its effect will be spread over an extended period of time. Its impact will be blurred. It is not very strong medicine for the inflationary pressures in the marketplace today. Therefore I say this, unless it is accompanied by some real concerted effort by the administration and by this Congress, to cut back spending, even this effort that we make today can well be wasted.

Mr. Chairman, I would like to speak just briefly on the matter of an amendment that will be offered to this bill. It is an amendment which I proposed in the Ways and Means Committee during our earlier consideration of the legislation and which was rejected, but which subsequently the committee has reviewed, and will reverse itself, and accept the amendment I will offer. It is an amendment to exempt water and air pollution control facilities. The amendment would permit expenditures designed to help clean up our streams and air to continue to enjoy the 7-percent credit.

We will soon be considering a $2.5 billion Federal aid program to attack the problem of water pollution. Without this amendment, this bill would take away or suspend for a period of 16 months the investment credit for facilities for water and air pollution control. For these facilities, the 7-percent investment credit is a small but, it seems to me, significant incentive. It would indeed be unfortunate if the effect of the bill would be to suspend for a period of 16 months the thrust of private industry toward cleaning up our streams and cleaning up our air.

Improvement of our streams and the air which we breathe is a massive undertaking. It will require all of the resources which can be spared by the Federal Government and by State government and by local government and by private industry. Frankly, I believe we should go further. I have had pending for a number of years legislation which would permit accelerated amortization for facilities of this kind. I still believe we should focus in on this problem and give a real and more realistic incentive to private industry to construct these facilities.

But I certainly believe we would look very foolish if we said to industry, "We want you to install facilities to prevent water pollution and to prevent air pollution. The Federal Government is embarking on a $2.5 billion program, but you people wait for 16 months before you do anything."

That would be the implication if this bill is not amended as we propose to amend it during the amending process.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, I associate myself with the remarks of the gentleman from Wisconsin. As the author of the amendment in the Public Works Committee, wherein we are asking the agencies to study the ways and means of offering incentives for the industry of our country to provide better treatment facilities, I join with the gentleman. I compliment him and I will support this amendment when it comes up on the floor of the House.

Mr. CLARENCE J. BROWN, JR. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Ohio.

Mr. CLARENCE J. BROWN, JR. Mr. Chairman, I have introduced a bill (H.R. 16078) to amend the Internal Revenue Code of 1954, to allow an incentive tax credit to the amount of 20 percent of the cost of constructing or otherwise providing certified facilities for the control of water or air pollution and to permit the amortization of such costs within a period of from 1 to 5 years. As the gentleman knows, there are a number of our colleagues on both sides of the aisle who have introduced the same or similar legislation.

I would like to ask the gentleman if approval of the amendment to exempt investments in water and air pollution

control facilities from the investment tax credit suspension in this particular bill represents a recognition by the committee of the importance of this kind of investment at this time, and the value of this method of encouraging this kind of investment?

Mr. BYRNES of Wisconsin. I believe this is certainly evidence that the committee feels the construction of these facilities was extremely important. I would not say, necessarily, that the committee by this has said that the investment credit is the only way it should be done. Frankly, the proposal I have made provides for accelerated amortization in this area.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 1 minute additional.

My amendment—the committee amendment—does recognize the need at least by not withdrawing the inducement that is in the law today for construction of these facilities under the 7-percent investment credit.

Mr. CLARENCE J. BROWN, JR. I am happy to hear the gentleman say that. I, for one, look forward to the day when we can improve this situation by a 20-percent investment tax credit.

I should like to ask another question on a specific example, with respect to a problem faced in the area of the country I represent, by a rather large industry.

In 1965 an industry in my area announced plans to invest some $600 million, $350 million in the local community and some $250 million in other places in the United States, during the ensuing 5 years, or by 1970. This investment was designed, as I understand it, to reduce prices on the products which that industry manufactures in order to meet competition from abroad. These imports, significantly, have had an adverse effect on our balance of payments.

At the request of the President, some time after the investment was announced and was begun, the industry agreed to stretch it out for a couple of years; in other words, to increase the time of investment by some 50 percent so as to reduce inflationary pressures.

So far almost $300 million has been committed in this major industrial expansion. With the suspension of the investment tax credit, this industry, which finds itself in the middle of work on this investment, is going to be obliged to go out and in some way find additional funds, presumably by borrowing.

Will this not put additional inflationary pressure on the money market because of the need for these funds to complete work which cannot be suspended without grave cost to the industry and perhaps a cost to the country in terms of the balance-of-payments problem?

Mr. BYRNES of Wisconsin. As I mentioned in my statement, there is no question that we are going to be able to find individual inequities. That is one of the reasons which makes me very reluctant about this.

Overall, considering the pressure which exists today, of the increase this year over last year of a 17-percent increase in plant and facilities expansion, most of which is financed either through bonds or bank loans, some action is needed, I believe this action will help to relieve some of the pressures.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 1 additional minute.

Mr. BELL. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from California.

Mr. BELL. I should like to associate myself with the remarks of the gentleman from Wisconsin.

Mr. CLARENCE J. BROWN, JR. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield briefly to the gentleman from Ohio.

Mr. CLARENCE J. BROWN, JR. I should like to change my example from a large industry to a small industry area, or even a farming operation, where an individual producer or entrepreneuer is going to invest $100,000. Let us assume that this company, or the individual farmer, may have retained his earnings over a period of the past few years in order to make a major change in his production because of the necessities of the marketplace, swift technological changes or because it is a business in which changes cannot be made gradually such as switching from dairy to hog production, for instance, or, in the printing business, switching from letter press to offset.

The entrepreneur feels he is going to have to go ahead and make this investment in spite of the change in the law. What kind of a money cost and inflationary pressure is this legislation raising his costs going to create to a company that cannot reverse its plans?

Mr. BYRNES of Wisconsin. I can only repeat my answer to the gentleman before. You will find individual situations where this does create a real inequity, just as when we enacted the investment credit there were inequities as between taxpayers, really giving a windfall to some taxpayers in competition with others. This was all predicated on the basis of timing as to when a particular facility went into operation. Now it is on the basis of when the taxpayer entered into the contract.

Mr. ULLMAN. Mr. Chairman, I yield 5 minutes to the gentlewoman from Michigan [Mrs. GRIFFITHS].

Mrs. GRIFFITHS. Mr. Chairman, I would like to take up the matter of the yo-yo tax policy. I thought it was really a very clever statement of the tax policy, but I would like to point out the other side of the coin, that is, a yo-yo economy, better known as boom and bust. The movement of the tax policy up and down is really an effort to stop the boom and bust of past years. We are today in exactly or almost exactly the same situation that we were in in 1956 and 1957. In 1956 the cost of living index went up 3.5 percent. In 1957 it went up 2.8 percent. There were only 4 percent unemployed. We were having an investment boom. All of you know the result of it. There are many people sitting in this Congress today who never really expected to sit here because of the results of the bust that followed that boom. What we are trying to do through the tax policy is to stop the bust that follows the boom or to start a boom when we need one.

It is time that we began to learn that the tax policy of this country along with the expenditure policies of the country have something to do with boom and bust. It was suggested before the committees on which I sat as long ago as during the Eisenhower administration that the ability to move taxes up and down was a very essential thing to create prosperity. One of the first people who ever suggested that a tax cut would result in a boom was the distinguished Congressman from New York, a Republican, Mr. Reed, as I understand it. Now, no one believed much of it then. It was a long time ago. But today we know that in fact it has been successful. From 1961 to 1966 the cost of living index went up only 1.6 percent per annum. From mid-1965 to mid this year the cost of living index has gone up 2.8 percent, but we are now accustomed to stability. Now we object and therefore we get the objections from our constituents. We want a stable economy and full employment. One of the ways to keep this economy stable is to put the tax action where the boom action is. That action is in investment, capital investment. Therefore, before we have overbuilt we should at least suspend, although personally I am for repealing, the investment credit, and rewrite it again in a few years and use it as a countercyclical device.

Mr. Chairman, I would like to answer also the gentleman who pointed out that we needed to automate plants and reduce the unit labor cost. I would further like to point out to the gentleman that he should be looking at the economic indicators. We have reduced the unit labor cost, but this has not been followed by a reduction in prices, because the manufacturers and the sellers are in a far better position today to negotiate with consumers than the consumers are to negotiate with them.

Second, Mr. Chairman, the manufacturers are not going to be willing, with the profits that they are now enjoying, to withstand the bargaining demands of labor.

Mr. Chairman, this action that we are proposing to take today is the least action that we could take to stop a boom and to return the economy to stability and full employment. Perhaps it will not be enough, but if it is too much we can quickly move once again to put this investment credit into a state of action.

Personally, Mr. Chairman, I would like to say that I would have supported the bill without a single exemption, but I do support this bill. I believe the chairman and the balance of the members of the committee have done a good job.

The CHAIRMAN. The time of the gentlewoman from Michigan has expired.

Mr. ULLMAN. Mr. Chairman, I yield 2 additional minutes to the gentlewoman from Michigan.

Mrs. GRIFFITHS. Mr. Chairman, I believe those who are not willing to vote

for a "yo-yo" tax policy are willing to vote for a "yo-yo" economy, boom and bust, just like it used to be.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS. Mr. Chairman, during the proceedings of the House—before the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of this legislation—I asked unanimous consent to include extraneous matter with my remarks, which matter I shall supply.

Mr. Chairman, I believe this is a good note to pick up, the note the gentlewoman from Michigan left us with her reference to a "boom and bust" economy, because that is exactly the situation. I further believe that the gentlewoman from Michigan [Mrs. GRIFFITHS] is exactly right when she describes it, as I understood her to say, that two previous elections have been decided upon that basis, and that it does not matter what the candidates may say and party leaders may say, the people—and in my judgment rightly so—do hold the administration in power responsible for these fiscal matters.

Mr. Chairman, this bill now pending before us is not only too late and too little, but it actually is a little bit of poison at this particular time.

Mr. Chairman, further I would observe that because we have a political election due in November, the administration has deliberately made it the policy not to do what is the right, or correct, or the necessary thing, fiscally, which it, itself, knows must be done for the welfare of this country. Serious inflation and high interest rates require that we apply some forceful remedies immediately. In fact, Mr. Chairman, we are too late to avoid some serious damage. The remedies are real, not fictitious, expenditure cuts, which many of us have been pointing out were necessary back a year ago, when it became clear that the war in Vietnam was escalating, as well as these Great Society programs, which many of us pointed out were just the beginning of expenditures when the seeds were implanted, but which are now beginning to flourish.

Mr. Chairman, last December the Federal Reserve Board recognized these increased inflationary pressures and tried to use monetary policies to hold the price level so that the consumer did not bear the brunt of this rising inflation.

I might add and to also strike at the problem of increased interest rates—only to have the administration through the President himself, the Secretary of the Treasury, the Chairman of the President's Council of Economic Advisers, and the Director of the Bureau of the Budget make speeches around this country castigating the Federal Reserve System for this action.

When the Joint Economic Committee held hearings to look into this last December—and I, as a ranking Republican of the House, consented to these hearings—I thought I had a commitment that they were going to be full hearings, not just to hear the Federal Reserve Board but to hear the other members of the quadriad; namely, the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Chairman of the President's Council of Economic Advisers, so we could examine into these fiscal and economic problems. Only to find out the majority party, the Democratic Party, who controls the committee, the chairman, the gentleman from Texas [Mr. PATMAN] and others, refused to call these witnesses.

This became a matter of public issue and this matter was forced to an actual record vote by the Republican members of the Joint Economic Committee and we were defeated.

I would suggest, and I have said so and until I am contradicted, I will adhere to it, under orders from the administration not to call them in.

All of this time has been lost. We have gone through these ensuing months of January, February, March, April, May, June, July, August, and now finishing up September with this administration not doing one blessed thing to meet this serious problem of inflation which is caused not by the housewife buying expensive cuts of meat, not by business expanding as it should to create jobs for people and to meet the demands of our people for goods and services, but because of the spending policies of the administration—spending beyond revenues.

Nothing done in this area, nothing done in the tax area either except at the beginning of the year—and this was something that we all responded to on our side, as I recall it, the need for more revenues as far as cutting back on the excise tax cut that we made. That was done in January. A very good thing, but really not hitting at the base of this problem—excessive expenditures.

So the President of the United States has been lecturing the people of this country, and lecturing this Congress, I might say, for voting money beyond his budget. All the time this has been going on he has been increasing his expenditures.

This is what has caused the grave problem that faces our society.

In January I said we could afford both guns and butter because I felt certain we were able to. The President and the leaders of the administration said that the Vietnam war is a lesser percentage of the gross national product than was the Korean war—to try to minimize the concern that the people and Congress might have about the cost of the war. This was an accurate statement and it is. It is an accurate statement. But the point is we went into the Viet war without ever having reduced, as we should have, the Federal debt, as a ratio of GNP to where the debt was manageable and at a time when we were at the peak of an economic upturn.

So here we are, too little, too late.

The only difference I have with my colleague the gentleman from Wisconsin [Mr. BYRNES] is that he feels—and I can respect his feeling and it is the feeling of many people—well, even if it is too little should we be in the position of not even granting that?

There are two reasons why I argue "no."

No. 1, that which might have been a remedy, is today a bit of poison. Examining, as our committee did, over a period of weeks into the problem of suspending this investment credit, many of us became completely convinced that it was not the kind of thing, as the gentlewoman from Michigan would suggest, you can use as a yo-yo. This is the kind of thing that you cannot just cut off and put on and shut off. It just is not a device that lends itself to the purpose.

But even aside from the fact that the bill is too late. Already there are indications in the marketplace that there is a slowing down of capital investment. This actually could be poison at this particular time.

But beyond that I think it is a cruel and a dangerous thing to led the people of this country to think that the administration is doing something about the problem of inflation when it really is not. In other words, there is not enough in this poison or palliative, to meet the serious problem of inflation. Indeed, there is almost nothing in it.

I am going to read from the interrogation that I conducted of the Secretary of the Treasury in the public hearings beginning on page 87 of the hearings, I am putting the complete interrogation in the RECORD so that it will not be out of context. These are merely my observations after rather lengthy interrogation, trying unsuccessfully to get estimates from the administration on expenditures, trying to get their estimates on revenues, trying to understand where they were taking their $3 billion cut. I think the RECORD will show I was completely unsuccessful in getting any estimates at all.

Reading from the page to which I referred—

Mr. CURTIS. Mr. Secretary, this committee deals with this problem all the time in our estimates on the costs of the various social security programs we have, and the way we go about it is by making high estimates and low estimates.

We have before us the assumptions. We do the same thing in the highway program and you know this committee has to figure out its revenues, the high and the low, and at one time we decided to stretch the program out and increase revenues a little bit. If you really are working with the Congress, to use your phrase, I would say you have to give the Congress some of your assumptions on these things. We have none of these assumptions.

I would like to know what programs are to be deferred. Congress has a right to have a judgment on whether this program or another program or another would be the one that should be deferred or postponed or how the level should be in light of this. As I said in January, I thought we could have both guns and butter, but I felt we had to do a lot of hard work to figure out how in fact to afford both.

Today I am convinced that we cannot have them both and we are going to have to figure out priorities, but to do that we need to have some criteria and some assumptions. Here we are now, left practically as if there were no hearings at all as far as I am concerned.

One other thing. You are not here to ask us for revenue in this bill, which I think I would observe, I wish you were. I think probably one way and a preferable way,

rather than fouling up business planning, would be to ask for additional revenue—and I say this as one who thought in the beginning the investment credit was bad economics and bad tax law. But having put it into law you have something that you can't pull out for the very arguments that Mr. Schultze has been giving us, the difficulties in planning construction and so forth.

This tends to affect long-range planning. This is not a thing that I could see would have a real impact other than psychologically. I would rather see you come in and ask for additional revenue from, say, a 2-percent increase in the corporate tax or if that wouldn't be enough to even have an increase in individual income taxes.

If the people had some understanding of what the needs of the Government were I think there would be a response, but you are not prepared at this moment to give the people's representatives, this committee of the Congress, these estimates, so of course you are not in a position to ask us for tax increases.

But we are concerned and your presentation makes it very clear that you are concerned with the problems of debt management, the other aspect of financing Government when we don't get it through revenues, and this becomes in these recommendations you have made here a very crucial point of judgment.

I have always said the basic judgment first to be made when we get into the field of debt management is first what should be the mix between current revenue to pay our bills and debt and that decision should be made first. Then, as we make that decision we can move into the problems that confront us in debt management.

Well, I have done the best, I can. I am sorry. I think this record is a very sorry one. That is a personal opinion. I hope the public will judge it. I can't express the shock that I experience when I think that our country is being handled in the fashion that these kind of answers indicate.

Mr. Chairman, this is the shock that I now wish to express here in the RECORD. The hearings, as well as the executive sessions, reveal that the administration does not give us this data. The people of this country have not been leveled with. As I said elsewhere in the hearings our country has been moved into this serious fiscal situation step by step, without the Congress having been brought into the confidence of the Executive, which, of course, means—we being the people's representatives—that the people have not been confided in.

I compared this to the manner in which the administration has escalated the Vietnam war. The Congress has not been brought in step by step with the judgments made by the administration. So, of course, the people of this country have not been informed. We still have not been told what the increased costs of the two wars—Vietnam and poverty—are although we know they are great.

Let me give some estimates which I believe are realistic about the Nation's fiscal picture. The President in his budget message of this January said he would spend $128.8 billion for fiscal year 1966–67. Note that this is out of a total power to spend of $236 billion. There is $114.7 billion carryover power to spend, plus $121.9 billion additional requests for spending from this Congress. The President has already indicated that this Congress has gone about $5 billion over his requests in the appropriations bills that have been passed, which gives the President $241.6 billion power to spend. Add to that the supplemental defense appropriation bill that the gentleman from Texas [Mr. MAHON] has told us is going to range between $5 and $15 billion, money the President is already spending without full authority. Just taking the $10 billion median figure, the President has the power right now to spend over $250 billion.

He said in January, "I will only spend $112.8 billion." That is the point I was making to the chairman of the committee in the colloquy we had during his remarks, that the President has this great power to spend or not spend, to a large degree, apart from the Congress. A flexibility that Mr. Schultze estimated of about $25 billion one way or the other. Frankly, I believe Mr. Schultze was being very conservative. There is a great deal more flexibility. What is this expenditure figure going to be? Is it to be $112.8 billion or $130 billion?

Let us go back. There is the January budget figure of $112.8 billion. In the President's message to the Congress recommending the suspension of investment credit, he had two other things he said he was going to do.

One was to cut $3 billion off expenditures. We do not know from where, or from what spending level. But, second, he was not going to have the Federal Government go on to sell participation certificates to the sum of $4 billion-plus that the Congress had at his request previously granted him.

By the way, in that debate over giving the President power to sell participation certificates many of us took the floor to point out the error of that philosophy. I am glad the administration sees the error of its way, here.

So, we immediately add to the $112.8 billion, the more than $4 billion that they are not going to get from selling off these capital assets. That would otherwise be a reduction in expenditure according to our unique Federal accounting system. So it has to be added on. So we have $117 billion. The President has said the Congress has gone about $5 billion or more above his requests for new power to spend. But anyway, of that $5 billion new power to spend, $3 billion will have to be spent.

So there is $120 billion, to which we add the $10 billion we know is going to come in for the Defense Department supplemental—which will be at a minimum $10 billion—or, in other words, an expenditure level of $130 billion for fiscal 1967 not $112.8, which was $6 billion more than expenditure in fiscal 1966 which in turn was $10 billion more than fiscal 1965. So in 2 years the Johnson administration has gone from $96.5 billion to $130 billion expenditure.

Let us take a look at what the figures already in, are. Even though these estimates might have been made in this way, some may say perhaps this is not so realistic. However, the figures for the first 2 months of this fiscal year now available indicate that the estimates are all too accurate.

In the September economic indicators, on page 35, we have the chart on Federal financing. It gives us for the month of July 1966, the first month of fiscal 1967, the expenditure figure of $10.3 billion.

In my interrogation of the Secretary of the Treasury and the Director of the Budget I said, "Well, if you will not give me any estimates, let us just multiply $10.3 billion by 12 months, and that will give us something to go on." He rejected that because, he said, he thought this was not a representative month, and made the very proper comment that one cannot always go by a month. I said, "That is true." He went through some of the things that he said made this unrepresentative. I said, "All right. Having gone through all this, now give us your estimate." He refused to do that.

Now we have—and this just came out recently, after the hearings—the expenditure figure for the month of August. I read from the monthly statement of receipts and expenditures, U.S. Government, July 1, 1966, to August 31, 1966, table 3, page 11. The figure is $11.042 billion. In other words, the month of August indeed was not represented by the month of July, because it went up about 0.7 it was too little, and the ensuing months will probably show up to be increasingly more.

Now, if we take these two figures and figure out the mean, we will come close to the $130 billion, $128.04 billion, for the full fiscal year 1967.

Most of us really know that the cost of the Vietnam war and of the other domestic programs is going up in this range.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CURTIS. Mr. Chairman, this is the expenditure side of the budget for this fiscal year.

What about the revenue side? Let us go back to the latest revenue estimates made by our Joint Committee on Taxation. They made this estimate about the time we had the debt ceiling before us last May. These revenue estimates were up to about $116 billion for the coming fiscal year. That was up from $104.6 billion of revenues for the previous year.

Let us take these estimates and see if $116 billion is about right.

I asked, by the way, if this revenue estimate were still within our sights, and the answer was "Yes," and then they thought probably it would be increased a little bit to $117 billion.

I believe it will be, too, because revenues go up with inflation. The Federal Government makes money as a result of inflation. Literally makes money. So governments gain from this misery imposed on its people—but only in the short run.

We have a rough way of estimating revenue in relation to gross national product. We had $104.6 billion revenues for fiscal 1966 based on a gross national product of $681.2 billion. Now, for every increase in gross national product over

the base we can estimate probably a 1 for 6, or as some have said, perhaps a 1 for 4 increase in revenues.

The estimates we get on what the gross national product probably will be for this calendar year (which is the proper base for the fiscal year) are $740 billion, and this gives us a differential of about $60 billion added GNP. If we divide by 6 we get $10 billion of additional revenue and if we divide by 4 we get $15 billion of additional revenue, to be added to the $104 billion. So we can see from those that the $117 billion is probably pretty accurate, which leaves us—and this is the crucial point—a deficit of $13 billion to finance.

Now the financial pinch is already with us. The Government right now is not paying off on defense contracts in a timely way. People who are contracting with the Federal Government have to borrow money because the Federal Government is pinched. Here is only one place we see the effects of faulty debt management and the results of tight money.

The Federal Reserve System has two basic responsibilities. One is to keep the money supply in tune with the real growth in the economy. The Federal Reserve System does not set interest rates. It tries to reflect what the demands in the society, based on real economic growth, will be and "lean against the wind," as it were to provide the right amount of increases in the money supply. The second responsibility of the Federal Reserve System is to provide a stable market for Government securities. It tries to accomplish these two ends by using the same medium, namely, the Open Market Committee or the open market process for buying Government bonds, as the Federal Reserve System buys Government bonds and puts them into the Federal Reserve and the banking system through normal operations, this increases the amount of money and the amount of credit by about a 6 to 1 ratio. That is a normal and proper way to increase the money supply. However, as more bonds are forced on the Federal Reserve, than the economy has justified by its real growth because the Federal Government cannot sell those bonds elsewhere or else is trying to market them at an unreasonably low interest rate figure, that is, unreasonable to the demands of the marketplace, then this Federal debt is forced into the monetary system and monetized. Now we have a very interesting picture where the tight money situation is not because the Federal Reserve has not been increasing money and credit, because it has indeed at a quite rapid rate during these past years, but there has not been enough increase rapid as it has been to meet the great demands of our society for goods and services, plant expansion, and all of these things that our people need. This is particularly so when the Federal Government finances its great expenditures which do not create new wealth to any appreciable intent, certainly in contrast to private representatives through continued deficits. The problems involved is trying to manage a debt of $320 billion impinge on the private sectors' needs. The turnover and the increase of debt through new deficits in a period of heated economy is something that even a nation as rich as ours cannot handle. It is Federal financing that is creating the problem of inflation and high interest rates.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CURTIS. Now, one of the things that has aggravated this is the fact that the Federal Government has been refinancing the Federal debt in the short-term money market. Government bonds with a maturity of beyond 5 years are limited by an interest rate ceiling of 4¼ percent interest. You cannot sell bonds with this low yield in this market. Participation certificates which had maturities beyond 5 years were selling at 6 percent. The result is that the Federal Government has been forced into the short-money market with securities below 5-year maturity, which has further aggravated things because this is where business goes to expand to create her jobs and to provide the goods and the services our people demand.

I asked the Secretary of the Treasury, why does not the administration ask the Congress in this fiscal reform message to remove this interest ceiling so at least we have some flexibility in Federal debt management. He said, "You know, I am in favor of that, Congressman." I said, "Yes. You said you were back in May, but why does not the administration request it? I will tell you why." I said then and I say now, "it is for a very foolish political reason. Some Democratic leaders think that they are going to avoid being labeled the high-interest-rate administration if they resist removing the interest ceiling."

Let me say this: The people of this country are quite aware that the policies of this administration has resulted in high-interest rates, and it is a high-interest-rate administration as well as an inflation-ridden administration. So let us get on the job of solving the economic problems of our society forthrightly.

This bill is too little and too late. Trying to create a sham and fool the people into thinking that this administration is moving seriously to meet this serious problem of inflation. The most the administration has done has been to admit that inflation is a serious problem and not merely a Republican cliche.

Now, Mr. Chairman, I was going on to discuss many of the aspects of why the investment tax credit is poison at this time. I suggest this is so mainly because we have been seeing in recent months the indication that there is a slowdown here in capital investment, but let me suggest a more basic reason. In the long run the one thing that corrects inflation is increased plant capacity so that our economy can provide the goods and services that are in demand and the people are willing to pay for.

This capital investment is what creates jobs. There is no question that this kind of proposal hits at the very areas that we would call upon, in the long run, in our effort of meeting inflation and unemployment.

Mr. Chairman, I realize that some of our people have been impressed by the fact that Dr. Arthur Burns, for whom I have a great respect, talked to a group of our Republicans in early August and at that time he said he thought that this investment credit should be suspended.

Now, Mr. Chairman, that was in early August. Since then—in fact, Dr. Burns called me personally, because he was worried about his recommendation, and he said, "I have looked at the indicators, I have looked at the July and August indicator, and I am very much concerned that this may be entirely too late and actually might create damage." He said, in effect, that instead of making it an 18 months' suspension, make it 10 months, because then if this trend is real at least there would not be that much damage from a remedy applied too late.

And, Mr. Chairman, incidentally, I was in disagreement with Dr. Burns at the very beginning for the very reasons that the gentleman from Wisconsin [Mr. BYRNES] pointed out, and which we point out in our minority views. And I might say the very reasons that Secretary Fowler gave before the Senate committee, early this year, that he thought were reasons why we should not use the repeal of the investment credit to correct this fiscal situation; namely, its impact is delayed—its impact is delayed many, many months. By the time the remedy takes hold the economic picture has changed. We could have—and we will have if we keep along the hand-to-mouth methods of the administration—a recession as well as inflation.

Therefore, Mr. Chairman, these are the reasons why this is the wrong remedy at the wrong time, and why it is too little and too late, and might be a bit of poison.

Mr. Chairman, we have got to get back to the fundamental principles of a sound, basic, fiscal policy, if this society is going to move forward and, indeed, if we are going to meet our commitments abroad.

Mr. Chairman, I have not as yet discussed the underlying and the most difficult of all the problems which concern our society and is aggravated by this domestic inflationary situation; namely, the deficits in our balance of international payments, and continued outflow of gold abroad. This is a discipline over which we have little control, except to exercise domestic self-discipline. And this is one reason the United States—this great, powerful, wealthy Nation—is backing down on basic political and international decisions, decisions that should be made in the interest of this country. We are leading from this weakness. All of this is unnecessary. If the administration would chance its fiscal ways.

Indeed, Mr. Chairman, this is a basic issue that is going to face the country, not just in the 1966 elections, but in the elections of 1968.

Hereafter, follows the excerpts from the committee hearings and committee report to which I referred at the beginning of my remarks:

VI. DISSENTING VIEWS OF MESSR. CURTIS, UTT, BETTS, SCHNEEBELI, AND COLLIER

In opposing this bill (H.R. 71607), the under signed Republican members of the committee join in sounding a note of caution. Let no one be misled. This bill is presented by the administration to relieve the inflationary pressures confronting our economy. The basic cause of inflation is clear—excessive Government spending. Without an attack on Government spending, further inflation is inevitable. The Government has been on a spending spree. Today, we are suffering from a "hangover." What is needed is a period of restraint—not just on the part of labor or on the part of business—but on the part of Government.

During the past 6 years a Democrat administration and a Democrat-controlled Congress have proceeded on the assumption that there was no deficiency in our society which the Federal purse and the heavy hand of Federal regulation could not cure. We have seen each piece of legislation beget more legislation—each new expenditure by the Federal Government beget other expenditures.

The level of domestic spending—wholly apart from our defense requirements and the war in Vietnam—has increased from about $46 billion in fiscal 1965 to more than $58 billion in fiscal 1967, and it is still going up.

Spending for national defense, including the war in Vietnam, as presented in the President's budget last January increased from about $50 billion in fiscal 1965 to about $61 billion in fiscal 1967. It is already clear that this is an understatement of the true cost of the war in Vietnam. The chairman of the House Appropriations Committee recently warned the Congress to be prepared for a further increase of as much as $15 billion if the war continues.

Overall the annual Government expenditures already show an increase of more than $35 billion during the past 6 years, and if we are to add another $15 billion for the Vietnam war, this will mean an increase of $50 billion. The Government will be spending $50 billion more in 1967 than it spent 6 years ago.

It should be surprising to no one that this policy would bring about uncontrollable inflationary pressures. Something had to give—and it turned out to be the consumer's pocketbook.

Prices for food, goods, and services have been increasing at an accelerated rate. Increases in the cost of living index exceed any period in the past 10 years.

Wages have also been increasing, but the purchasing power of the wage earner has not kept pace with increases in the cost of living.

Interest rates—a part of the cost which the American consumer must pay whether he is buying a house, automobile, or a household appliance—have reached the highest level in 40 years. While the dollar buys less and less, it costs more and more to borrow. The deterioration in the value of the dollar both at home and abroad has led to a steady drain on our gold reserves.

Walter W. Heller, former chief economic adviser to President Kennedy and President Johnson, in an analysis of the economic situation recently stated:

"Expenditures are in a steep climb. They rose from an annual rate of $120.5 billion in the second quarter of 1965 to $137 billion in the second quarter of 1966.

* * * * *

"Continuing increases in Vietnam costs, plus a civilian budget that seems to grow bigger every day that Congress sits, are almost sure to push the national income accounts budget back into a deficit in the second half of 1966 and the first half of 1967, unless the President swings into action to change our fiscal course.

"The national income budget has no business being in deficit in an overheated economy, at, or below, 4 percent unemployment."

At this late date, the administration states that it proposes to reduce the amounts ordered, contracted for, or to be expended by the Federal Government in fiscal 1967 by a total of $3 billion, of which a total of $1.5 billion already has been approved by the President. In spite of repeated questioning on the part of the Republican members of the committee, the administration witnesses were unable or unwilling to substantiate these claims. They refused to identify a single reduction. The promised $3 billion reduction in expenditures—or commitments—is a reduction from an unknown and unidentified expenditure budget. It is wholly illusory. We have no assurance that the administration will, in fact, cut back on its domestic spending programs.

Until recently, the administration regarded suspension of the investment credit as an inappropriate remedy for inflationary pressures in the economy, due in part to the delayed effect of any suspension. In appearing before this committee, in the hearings on the Tax Adjustment Act of 1966, January 19, 1966, the Secretary of the Treasury said:

"The first observation I would want to make is that one of the great advantages that we have now, and we will have in the period ahead, is the continued expansion of this Nation's productive capacity and a continued modernization of existing capacity and capacity that may be added. Therefore, I think we want to be very chary of restraining or holding back the enlargement of this productive capacity to meet growing requirements, whether they be for defense or for civilian use.

"Second, tinkering with the investment credit, unless there was some very compelling reason for it, which I don't think exists today, would create uncertainties and would impair its long-range effectiveness. Moreover, if it were withdrawn from projects that were underway, this committee and the Congress would be confronted with questions of good faith with respect to companies that had projected new projects.

"If, on the other hand, you went a long way toward avoiding removing the credit from projects underway and tried to have it hit sometime later, its impact might come in late 1967 or 1968 in view of the long-term nature of corporate expenditure planning. In this event, the effect might come just at the wrong time." [1]

The bill reported by the committee could have precisely the effect which the Secretary stated might be undesirable. This credit is not taken away from projects underway. The real impact will therefore be long delayed insofar as major expenditures are concerned.

As the Secretary later admitted before the committee, when testifying in support of the bill, the effect of the suspension—if any—will be largely "psychological." The Secretary could give no estimates as to the additional revenue which might result. He stated that the bill was not designed to produce additional revenue.

Since the suspension does not apply to projects which are already underway, the large multimillion dollar project, long in the planning stage, will continue and will qualify for the investment credit. The major impact will fall upon the normal replacement of facilities that wear out during the suspension period.

[1] Public hearings before the Committee on Ways and Means, House of Representatives, 89th Cong., 2d sess, "1966 Tax Proposals of the President," p. 59.

When the investment credit was first proposed as part of the Revenue Act of 1962, we pointed out that it was inherently discriminatory. The subsidy was extended to facilities which had been contracted for, or placed on order, long before any subsidy had been proposed. It penalized taxpayers who had expanded and modernized without having to rely upon any tax inducement. The suspension of the investment credit subsidy at this time will result in similar inequities. Arbitrary rules, bearing little relationship to the respective equities as between taxpayers, will determine whether a taxpayer is affected by the suspension.

While the credit is suspended on orders placed during the period from September 9, 1966, to December 31, 1967, the suspension will not apply to property acquired at any time pursuant to a binding contract made on or before September 8, 1966. The taxpayer who held back on his orders and deferred capital investment plans in response to the request of the President, will be denied the investment credit. The taxpayer who ignored the President's request and placed his orders for new equipment prior to September 9, will get the benefit of the investment credit.

The customary purchase order is not binding on the purchaser until acknowledged. This leaves to pure chance whether two taxpayers, both of whom ordered the same machine at the same time from the same supplier will be entitled to the credit. If the supplier acknowledged the order before September 9, there would be a binding contract. That taxpayer would get the credit. If the supplier did not acknowledge the order until September 9, there would be no binding contract on September 8, and that taxpayer would not get the credit.

The rules for determining which investments will qualify for the investment credit during the suspension period because of prior commitments are exceedingly complex, and subject to manipulation by the taxpayer. As distinguished from most tax questions, we are not here dealing with the timing of a deduction. Here we are dealing with a direct subsidy—wholly apart from the determination of taxable income. The taxpayer who does not qualify for the investment credit will never get an offsetting deduction or subsidy. This places a premium on manipulation and litigation. In defining eligibility for a credit, the statute should be precise—not vague and subject to manipulation.

We have serious questions concerning the effectiveness of the proposed suspension of the investment credit, not because we do not believe that appropriate measures should be adopted to curtail the inflationary pressures in our economy, but because we feel that the proposal embodied in this bill is not suited for that purpose.

The Secretary of the Treasury clearly expressed the basis for our concern in a statement before the Senate Committee on Finance on February 28, 1966. At that time, Secretary Fowler said:

"In my response to your inquiry, Senator SMATHERS, on Friday as to desirability of suspending the investment credit, I indicated some of the reasons why we considered such a suspension to be unwise. I would like now to recapitulate and supplement the points made in our previous discussion.

"1. The investment credit is a sound, long-range measure which provides incentives for expansion and modernization of our productive capacity.

"2. The credit encourages technological advance and the introduction of more efficient processes, which increase our productivity and enable the economy to deal with the periodic wage increases which are characteristic of our economy without price increases.

"3. In this way, as well as by making investment here more attractive, the credit

helps us to deal with our balance of payments.

"4. The investment credit is not suitable as a short-range restraining measure—cash flow or revenue effects are delayed. The credit becomes available as the investment project is completed. As a matter of good faith and fairness, a suspension would have to provide an exception for projects already underway or contracted for prior to the effective date. The impact of the suspension in terms of both raising revenue and restraining the cash flow to investing business would therefore be delayed by a considerable period, reflecting the leadtime involved in most investment activity. The real impact of the suspension might not hit us for a year or so following the effective date of the suspension.

"5. Leadtime in modern investment involves more than contractual commitments: In this connection, I would point out that in taking action to suspend the credit, even if prior "orders" or contractual commitments were excepted, considerable injustice and disruption would be caused to businesses which have already gone ahead with "in-house design" and other preparatory activities for making new investments. Leadtime, viewed realistically, often involves various steps including extensive plant design carried out by the investing business itself. Suspending the credit on projects on which extensive preparatory work has been done may involve about the same losses or penalties to taxpayers as cancellation of an outstanding contract. For obvious reasons, however, it would be difficult to draft a suspension provision which would take care of investment already started in the sense described here.

"6. Problem of unused credit carryovers: Businesses are allowed a 3-year carryback and a 5-year carryforward of unused credits—denied currently by the 25 percent of tax and related limitations. Substantial unused credits have accumulated, possibly at the rate of $300 million a year. It would be harsh to deny the use of the unused credit carryover if the current credit were suspended. Removing the credit currently would increase the availability of substantial amounts of credit carryover. The exact amount of this effect is difficult to estimate, but it could potentially cancel a considerable part of the revenue effect of a temporary suspension.

"7. Suspending the investment credit may hit the small plants hardest: The available evidence indicates that the investment leadtime, including design and procurement, varies directly with the size of the plant. Productive facilities for equipping small plants can be designed and completed in a fraction of the time required for large facilities. Temporary suspension of the credit would thus hit small plant construction soonest and hardest. The equipping of large plants already contracted for could go on for a longer time, still receiving the credit on completion, and large plants could be started after the effective date of the suspension, looking forward to completion after the date the credit is restored.

"8. Return of uneconomic 'repair and maintenance' of outmoded equipment: The credit has apparently been helpful in discouraging previous practices of repairing antiquated equipment to eke out its industrial life. Prior to the credit, taxpayers often preferred to spend money keeping the old machine going, partly because they felt they could get current tax deductions for these outlays. The investment credit tipped the balance in favor of getting modern equipment. Suspension of the credit may send many businesses back to the uneconomic repair and maintenance practices so that their expenditures can be expensed for tax purposes. This would not only be bad for our technological progress but also would involve demands on the economy and revenue decreases which would offset both the economic restraint and revenue contribution of suspending the credit.

"9. Suspension of the credit might prove to be most effective in curtailing the type of investment that makes the most anti-inflationary contribution: Suspension of the credit would operate most promptly and effectively on equipment which has a short leadtime between order and delivery and which bunches its contribution to production within a short period of time (that is, has a relatively short useful life). This type of equipment would help round out productive capacity in the next year or two. On the other hand, the long leadtime equipment with a long useful life would be much less affected by suspension of the credit because completion could be scheduled 2 years or so hence, when the credit was to be restored.

"10. Suspension of the credit would create imbalance in the 1966 revenue program and apply too severe a restraint on investment: The program provided in the bill before the committee relies heavily on restraint of corporate cash flow and liquidity to apply a moderate restraining factor on the economy. Of the $4.8 billion revenue total for the fiscal year 1967, $3.2 billion, or about two-thirds, is derived from the acceleration of corporate taxpayments. This in itself will provide a moderate and salutary restraint on investment. The other increases in revenue affecting purchasing power generally will also operate to moderate expansive investment activity. If a suspension of the investment credit is added to the program, it will concentrate too much on the business sector and run the risk of slamming on the brakes too hard." [2]

While we may not agree with all of the reasons advanced by the Secretary against suspension of the credit—and some of the problems which he enumerated may have been alleviated in this bill—the substance and thrust of his statement, if sound last February, is equally sound today.

In order to alleviate the impact of the suspension on the small businessman and the farmer, the committee adopted an amendment proposed by Mr. BATTIN, of Montana, providing a flat exemption of $15,000 which will be entitled to the credit in spite of the suspension. Although the amendment was adopted over the objection of the Treasury Department, we believe the exemption is very desirable.

An amendment was also adopted by the committee, with our full support, which would permit the completion, without regard to the suspension, of projects on which taxpayers had either already commenced construction and which they were obligated to complete, or had entered into binding contracts for a substantial part of the total cost.

An amendment proposed by Mr. BYRNES of Wisconsin to continue the credit and current depreciation rules on facilities which are in furtherance of water and air pollution abatement was narrowly defeated. It indeed seems incongruous to us that in this bill there is suspended the small inducement for industry to expand its water and air pollution control facilities, while the Congress is appropriating billions of dollars to clean up our streams. The impact on the Federal purse, and the economy as well, will be much less if the job is done by private industry. Faced as the Nation is with an almost insoluble problem of pollution control, we believe it wholly inappropriate to suspend the investment credit for these facilities.

We regard this bill as wholly inappropriate to meet the inflationary pressures confronting the economy. In our opinion, its effect will be as illusory as the cutback in expenditures proposed by the administration. This bill is intended merely as camouflage.

For this reason, we are opposed to the bill. We believe the administration should face up to the real problem and take more appropriate action to curtail inflation.

THOMAS B. CURTIS.
JAMES B. UTT.
JACKSON E. BETTS.
HERMAN T. SCHNEEBELI,
HAROLD R. COLLIER.

Mr. CURTIS. Thank you, Mr. Chairman. I have a series of questions. Let me start with one area, first, Treasury.

In your prepared statement, I could not find anything about the prematurities of the debt and the problems involved in your role in the debt regarding the length of maturity.

What is the average maturity now?

Mr. FOWLER. It is less than 5 years.

Mr. CURTIS. I know it has been going down below 5 years.

Secretary FOWLER. It was 4 years and 11 months when I was here in May. Today the approximate figure is 4 years and 10 months.

Mr. CURTIS. The reason I direct attention to this is that it seems to me one of the problems of the Federal Government in the securities market comes from the fact that the debt is being refinanced in shorter term securities and less in the 5 years and over.

Am I correct in that assumption?

Secretary FOWLER. The debt will be financed in maturities less than 5 years.

Mr. CURTIS. This is the very area, these shorter maturity kind of loans, where the pinch is in the increased interest rates, is it not?

Secretary FOWLER. The increase in interest rates is pretty much up and down the board, but here is a pinch in the 5-year area, to be sure.

Mr. CURTIS. Would it not be desirable for the Federal Government to have as much flexibility as it can in the management of the debt, if it saw the market was such, to be able to refinance in long-term securities?

Secretary FOWLER. I think the comments I made earlier when I was here in May still hold good. I would welcome an opportunity to have a limited chance to finance some of the debt out on the long side. I do not know how much of such an opportunity we would want to utilize in view of what I hope is the rather transitional period we are in so far as the high-interest rate pattern is concerned, but it would be useful and desirable to have a limited access to that end of the market.

Mr. CURTIS. I admire your optimism in assuming this is a transitional period. The term I would use is "hand to mouth" and I would hope the inflationary forces would go away. I wish I could share your optimism, but let me get to the point.

What you are really saying is that you would like to have the 4.25-percent interest ceiling, which is presently imposed on securities of maturities beyond 5 years, removed, am I correct?

Secretary FOWLER. I would like to have it temporarily suspended in terms of our discussion in May in the amount of $5 billion.

Mr. CURTIS. But this is not part of the recommendations you have submitted to this committee?

Secretary FOWLER. No, it is not.

Mr. CURTIS. Why?

Secretary FOWLER. Because I thought the recommendations submitted to the committee were recommendations that I had hoped we could get through promptly in view of the situation that the Congress finds itself in with a fairly large calendar of necessary legislation yet to be disposed of, including eight appropriation bills. I did not see any reasonable prospect of securing the necessary legislation on the interest rate limitation in the weeks that remain in this session.

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[2] Hearings before the Committee on Finance, U.S. Senate, 89th Cong., 2d sess., on H.R. 12752, pp. 172–174.

Mr. CURTIS. Yet, you are imposing and taking our time because of an acute situation, and certainly this bears right on this problem, does it not?

Secretary FOWLER. I think the relative importance of the two measures is such that the administration would give a much higher order of priority to the measures that are presented here.

Mr. CURTIS. As a matter of fact, this was not a recommendation when you appeared before us in May. The only way that came out, as I recall it, was by my interrogation of you at the time.

Secretary FOWLER. You are always helpful on this point and I am always willing to welcome your assistance, which is true of many other areas.

Mr. CURTIS. I regard it as quite serious that the administration does not have the necessary flexibility in debt management. One administration intention before this committee is to stop the sale of participation certificates, which at least had one merit as I saw it. They did have maturity dates beyond 5 years and yet those were selling at around, I think the last I saw, was around 6 percent.

Secretary FOWLER. The only ones that were actually issued under the Participation Sales Act was just one issue in June, and my recollection is that the average interest rate—there were two or three segments—but the average was substantially less than that, around 5.5 percent in June.

Mr. CURTIS. You will not be able to have any Government securities in the long-term market if that recommendation is followed and if we continue on with the 4.25 ceiling on any securities beyond 5 years. Is this correct?

Secretary FOWLER. That would depend upon, I think, the condition in the market. The statement I made on that was that the sale of participation certificates through FNMA tentatively scheduled for September has been canceled and will not be offered at another time in this calendar year.

In addition, further participations in FNMA will be made in the private market during the remainder of calendar 1966 only if the market returns to more normal conditions.

Mr. CURTIS. Are you serious in thinking the market is going to return to those conditions in the next 3 or 4 months or even 6 months?

Secretary FOWLER. Am I serious in it? I would not have put that statement in if I had not had some hope that that would be true.

Mr. CURTIS. In other words, have studies in the Treasury Department made you think high interest rates are going to decline within the next 3 or 4 months?

Secretary FOWLER. It depends on the definition of terms here as to what you mean and what I mean.

Mr. CURTIS. Do you mean high interest rates will decline?

Secretary FOWLER. I mean in terms of the receptivity, the ability of the market to absorb this particular type of security without the excessive strain that the financial community has been concerned about. In a way, because of the novelty of this particular type of security it has a relatively narrow market. The market has to be developed, and we felt that the market could much better absorb Treasury financing at this time than it could absorb the participation certificates.

Mr. CURTIS. I may have misunderstood the administration's theory in restricting further sales. I thought this was a technique for withdrawing the Federal Government in some strength from the money market to ease the pressures there. That is not the purpose?

Secretary FOWLER. The totality of the actions announced on Saturday was to minimize in various ways, Congressman CURTIS, the impact on the financial markets. In the first place, there will be a review of each particular offering by a Federal agency. The effort will be to reduce to the minimum entries into the private market.

We expect to raise new money through the sale of agency issues to the Government trust funds and investment accounts.

Mr. CURTIS. I was going to ask you about that, but first let's zero in on this question of how you theorize this will minimize the impact on the financial markets if we were to simply substitute these kinds of certificates or securities with more normal Treasury securities.

The only possible way it would change or affect the impact on the market, and I will go further with you on that, is if you did use the trust funds, but just limited the marketing of these participation certificates. That in itself would have no minimization on the financial market, would it, if you simply then sold Government securities?

Secretary FOWLER. There are two or three other facets of this program. The President has directed me to ask every Federal credit agency to present to me for final review by the Treasury, and ultimately the President, all proposals for the sales of securities during the rest of the calendar year. That is an effort to cut down on the amount.

Secondly, it does not necessarily follow that to the extent that the Treasury goes into the market with regular Government issues, so to speak, in lieu of the agency issues, that they need necessarily be on a dollar-for-dollar basis. We do have some flexibility there in terms of cash.

Thirdly, we are advised by those who are most familiar with this field and expert in it, and this confirms our own view, that since there is a much broader market for regular Treasury securities than there is for agency issues, that the putting of Treasury securities on the market tends to cause less strain on the market than would be the case if an equivalent amount of agency securities were put on the market since they do not enjoy the breadth of the market that the Treasury securities enjoy.

Mr. CURTIS. Let me be sure I understand what you are saying here.

The projected $4 billion in sales of participation certificates would cause an upward rise in or pressure on interest rates that you think would not be as great with sales of the more recognized Government securities. Is that a fair interpretation?

Secretary FOWLER. I think, yes, and the same is true not only of participation certificates, but also some of the regular Federal agency financing.

Mr. CURTIS. I want to come back to these various trust funds that you expect to buy this up with, but before going to that, I would like to ask the Director of the Bureau of the Budget, Mr. Schultze, as I understand your testimony before the Banking Committee in hearings on the Participation and Sales Act, were you of the opinion that these sales would not or would cause upward pressures on interest rates?

Mr. SCHULTZE. In more normal money markets I still think I would have been correct. Since the time we first came forward with this proposal—and we still think the authority is good to have—but since we first came forward with this the money markets have tightened up substantially, the breadth of the market for these securities relative to Treasury issues is more narrow. In a normal market, even though there is a difference, that difference is not so important, but when you get into really tight money markets, it does make a difference.

Mr. CURTIS. What you are saying then is that you think circumstances have changed in the few months in which you testified before the Banking and Currency Committee, to feel that participation sales indeed would cause upward pressure on interest rates and therefore you are backing up the administration's recommendation——

Mr. SCHULTZE. Yes, sir. You will recall with respect to these participation certificates, we needed both authorization and appropriations. In testifying before the Senate Appropriations Committee on this, I pointed out that the actual volume that would be marketed would have to depend upon market conditions. In other words, by that time it became increasingly possible that we might have to cut back some on the volume of sales and I indicated that the absolute volume would depend on conditions in the money market.

Mr. CURTIS. Now, Mr. Secretary of the Treasury, at one time during the Kennedy-Johnson administration there was a policy to try to hold interest rates on long-term securities low and at the same time hopefully to increase the interest rates on short-term securities in order to help in the international balance-of-payments problem.

Would you recognize that as a policy of the past?

Secretary FOWLER. Yes, I think that characterizes the earlier period of 1961 and 1962, so-called Operation Twist, I believe it was called. It was hoped that the short-term issues could be priced or would have a price which would make them attractive for investment from abroad, while maintaining stability in the long-term interest rate area.

Mr. CURTIS. Let me ask whether or not you now have this Operation Twist going full blast and whether or not Operation Reverse Twist might be in order to get at this problem?

Secretary FOWLER. I would certainly welcome, Congressman CURTIS, a reduction in interest rates both in the short-term and in the long-term areas. I think that the incidental advantages or benefits that we currently have in terms of our balance of payments are very much outweighed by the disadvantages and the burdens and difficulties that are derived from the present abnormally high rates of interest. I would welcome a movement downward, and that is one of the purposes and objectives of the overall program that is presented here.

Mr. CURTIS. Of course, the inflationary effects and high interest rates are part of the costs of private enterprise and, therefore, contribute themselves to these inflationary forces.

Inflation itself is a deterrent on our exports and incentive for imports. Thus having a very grave effect on our international balance of payments. Would you agree with that?

Secretary FOWLER. In my statement I made some comments on this particular question, and Secretary Connor has developed some of the facts as well. We have both noted that present demand, and a substantial amount of it is in the very capital goods area that is under consideration here, is causing an increase in the level of imports substantially in excess of the increase in the level of exports.

I think imports are going up around 15 percent per annum while exports are going up only about 7 or 8 percent per annum. This is having a disturbing effect on our trade balance and is a matter of concern.

Mr. CURTIS. I have examined this area to the extent I wanted to. I frankly am concerned that the administration has made no recommendations to bring about this added flexibility in the management of the debt, although your prepared testimony indicates the administration recognizes that the imposition of Federal finance in the finance market is creating a great deal of the problems that are there.

Secretary FOWLER. I think I would only say, Congressman CURTIS, whether we go into the short side or the long side, there are problems in both areas, and I don't know if limited

access to the long side would be any solution to these problems.

Mr. CURTIS. I don't either, Mr. Secretary, but I do know that it would be well to have flexibility when you are in a pinch and you have said so yourself.

Secretary FOWLER. I would welcome it.

Mr. CURTIS. You are coming here before the Congress, I would say, entirely too late to cope with this problem of inflation, including high interest rates. It looks like just another hand-to-mouth operation, and one of the things that indicates this to me is the incompleteness of your presentation in identifying what tools are necessary in order to cope with it.

Now, I will suggest a political reason why this administration is not asking for the removal of 4.25-percent ceiling. The political reason is that there are some people in the administration, I presume, who think that they would then be dubbed a high interest rate administration.

Well, heavens, how can you escape that epithet in these times? Why not just accept the fact that your policies have produced these high interest rates and then go ahead and give yourself the tools that might do something about bringing them down. I have made that as a statement for your response if you would care to respond.

Secretary FOWLER. I do not believe I want to get into a conjecture about the political reasons behind various actions. I certainly do not accept the fact that high interest rates is a particular invention of the present administration, which it is foisting willfully on the country. I think that war and other very special situations which contribute to the very, very large demands that are being made on the economy today, are the prime factors.

We are seeking a better balance of a combination of fiscal and monetary measures as expressed in the President's message. Indeed, I think you will recognize that very important elements contained in the President's program flow from recommendations that have been made by you and others in dealing with the problem.

Mr. CURTIS. Yes, but there is a matter of time, Mr. Secretary. Here in front of me are two members of the quadriad, yourself and Director of the Budget Mr. Schultze.

When the Joint Economic Committee held hearings early in December 1965, as the result of the criticism of President Johnson and of you two gentlemen and the fourth member of the quadriad, namely, the Chairman of the Presidents' Council of Economic Advisers. The Chairman of the Federal Reserve Board, Mr. Martin, the fourth member of this quadriad, appeared before the joint committee to examine whether or not there was reason for relying on monetary policy to the extent that interest rates were increased. The Republican members of that committee urged that the other three members of the quadriad come before us and testify in public hearings, not by delivering speeches before audiences that could not answer back, but under cross-examination so that we could have looked into these causes in December 1965.

I think had we done that and had we even followed this matter and these economic problems in the congressional committee assigned to do that, namely, the Joint Committee, in the months of February, March, April, and so forth, we could have found the cause. I must say that the joint committee in December at the request of the administration formally voted down in December the request to have you gentleman testify before the committee. The committee has continued to turn down the formal requests in writing of the Republican members of the Joint Economic Committee to go into these matters; matters that remain unexamined to this day.

It seems to me now in September 1966, these forces that others saw at play and seemed to be consistent, needs attention in our society. I think Mr. BYRNES and I interrogating you in January 1966, asked the question whether you were going to do something about these inflationary forces, and we asked why not look at the 7 percent investment credit. You made a very stirring response as to why you did not think this should be used at all, that this was part of the permanent tax law.

I could argue with you because I had felt that the law in its inception was ill-conceived from an economic as well as from a tax angle. I think that possibly in January or February this would have been a timely move, but now as I view it, and I hope this committee will get into some of the economic assumptions, but as I view the economic situation in September I see indications of slowdown in the economy in the very areas that you are now trying to apply the remedies to.

There is even a question in my mind as to whether a real tax increase—because this is not a tax increase, your testimony indicates that you expect no revenues from the proposals you have made here coupled with cuts in expenditures would have been in order a few months ago.

So, please don't put me in the position of supporting remedies that I thought were well-designed for an early part of the inflation we are now experiencing as necessary at this late date. They may still be necessary, and I intend to listen to the reasons why your Council of Economic Advisers thinks these remedies are still timely and I will read over your testimony. But I do suggest that the timeliness of these things becomes an important factor. What might have been advisable in January might not be advisable in September.

Secretary FOWLER. Mr. Curtis, I think we have been over this ground once before, but just let me say once again that I certainly was not disinclined to appear before the Joint Economic Committee.

Mr. CURTIS. I know you personally were not.

Secretary FOWLER. I had no disinclination and would have been glad to appear, had the committee wanted me to come.

Mr. CURTIS. No, this was administration policy.

Secretary FOWLER. That is your statement, not mine and I can't accept it on the record.

Mr. CURTIS. I appreciate that. I am making this for the record and I think the record is clear that it was administration policy and I think the record is also clear that it has been administration policy to hope that inflation goes away. The majority leader on the floor of the House on two different occasions referred to inflation as a Republican cliché trying to put on a partisan political basis when some of us were trying to get into what were the features of it and what might be accomplished if we treated this with the seriousness that it deserved.

Now, Mr. Secretary, there is a big area that I want to go into on the expenditure side, but I do want to point out your remark that part of our situation today is the result of the increased expenditures, among others, that we have experienced because of the Vietnam war. I happen to agree with that, but I have been listening all year to the administration telling the Congress and the people of this country, "Well, the Vietnam war is a less percentage of gross national product than was the Korean war."

I think this is a true statement, but it is also minimizing the seriousness of the expenditure and the demands resulting from this conflict. I was just looking over the expenditure levels for the first month of fiscal 1967; namely, July—these you have are the August indicators. Do you have August now, Mr. Schultze?

Mr. SCHULTZE. No, sir.

Secretary FOWLER. What page are you on?

Mr. CURTIS. Page 35, the bottom column, the expenditures for July 1966, $10.3 billion which, by the way, is the highest monthly level in this entire column and we can go back to 1960 and obviously it is the highest figure we have had probably since the Korean war.

This should be related, I would say, to the July 1965 figure, which was $7.2 billion. Multiplying the 10.3 out on a 12-month basis, we have $123.6 billion expenditure level that we can look forward to compared to what started out in fiscal 1966 at about an $86.4 billion level.

What I want to direct to your attention is the two breakdown columns. For July the figure for Department of Defense, military, is $4.7 billion, a decline from June; the month preceding of $1.2 billion. So, the increase from June of 1966 of $9.4 billion to $10.3 billion in July is clearly in other than defense areas.

Now, I do not know the reasons behind this, but these are some of the things we can get into. It is in the area of expenditures that I think the real solution to our present problems will lie, and I think that the proposals here at least as I preliminarily examine them are completely inadequate, even possibly the $3 billion.

How we are going to find that cut in these projected figures that I have actually read here I don't know.

Mr. SCHULTZE. Only two points, if I might. As you are, of course, aware, you have to be careful of these month-to-month expenditure fluctuations. As you know, you can't simply multiply 12 times any 1 month.

Mr. CURTIS. Yes, you are right. I was doing it for groundwork.

Mr. SCHULTZE. The second point I would like to make is underlined in two places in my statement. First, these budget reductions will not be easy, but we are going to do them. Second, depending upon what happens during the next several months, particularly the action upon appropriations bills, you will notice I use the figure "at least $3 billion." So we don't yet know exactly what that total is going to have to be. Our best judgment is it may have to be a little more.

The CHAIRMAN. We will have to suspend until tomorrow morning. If you gentlemen can all return in the morning we would appreciate it. Without objection, then, the committee is adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 5:20 p.m., the committee adjourned until 10 a.m., Tuesday, September 13, 1966.)

SUSPENSION OF INVESTMENT CREDIT AND APPLICATION OF ACCELERATED DEPRECIATION

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D.C., Tuesday, September 13, 1966.

The committee met at 10 a.m., pursuant to notice, in the committee room, Longworth House Office Building, Hon. WILBUR D. MILLS (chairman of the committee) presiding.

The CHAIRMAN. The committee will please be in order.

Mr. Curtis.

Mr. CURTIS. Thank you, Mr. Chairman.

I would like to pick up on this question of the expenditure cutback, and I think these questions would be directed to you, Mr. Schultze.

When you talk about a cutback of $1.5 billion in expenditures for fiscal 1967 and then that you are going to have another slice of $1.5 billion, what figure are you cutting back from? The figure that you gave us in the

budget message of 1967 this last January of $112.8 billion?

STATEMENTS OF HON. HENRY H. FOWLER, SECRETARY OF THE TREASURY; HON. STANLEY S. SURREY, ASSISTANT SECRETARY OF THE TREASURY FOR TAX POLICY; HON. JOHN T. CONNOR, SECRETARY OF COMMERCE; AND HON. CHARLES L. SCHULTZE, DIRECTOR, BUREAU OF THE BUDGET

Mr. SCHULTZE. There are two answers to that, Mr. CURTIS.

In the original $1½ billion, the first slice, as we now see it almost all of those reductions will be below the figures in the President's budget. In the second slice it will be a combination, and here is where I have had to indicate some uncertainty, both as to magnitude and composition, because we don't know yet what we are going to get.

Mr. CURTIS. You mean what will result from the congressional appropriation process?

Mr. SCHULTZE. Correct, sir.

So in brief, allowing us some flexibility, most of the $1½ will be out of the President's request. The remainder will have to be some combination. It may have to be more than $1½ billion out of both congressional add ons and the President's own budget programs.

Mr. CURTIS. How much has the Congress presently gone beyond the President's request for new power to spend?

Mr. SCHULTZE. In bills enacted to date, and I include in the Department of Defense appropriation bill even though it isn't finally enacted—the two Houses are in disagreement, but not on the money part of it so I have included that under enacted—in terms of new obligational authority the Congress has added $2,175 million.

Mr. CURTIS. $2,175 million?

Mr. SCHULTZE. And spending out of that in fiscal 1967 amounts to $1.4 billion.

Mr. CURTIS. That is what I was going to ask. That $1.4 billion now is including defense?

Mr. SCHULTZE. That is including the $378 million of defense add-ons.

Mr. CURTIS. The essential defense add-on, however, as I recall the debate, was simply paying for the salaries or the wages of the men already in the service.

Mr. SCHULTZE. No, sir; the House bill did that. The Senate did not, and my recollection is that in conference the House agreed to the Senate change with respect to that item.

Mr. CURTIS. So we haven't got that——

Mr. SCHULTZE. The $378 million refers to non-Vietnam program increases.

Mr. CURTIS. I see. All right.

Do you have a revised figure from which you are taking $1.5 billion, your first slice?

Mr. SCHULTZE. No, sir; I do not.

Mr. CURTIS. Well, obviously the figure of $112.8 billion given to us in the budget message in January is too low, is it not?

Mr. SCHULTZE. If someone had to ask me to make a best guess, given what is now before us and so on, I would say probably, but I would be hard put to give any number, Mr. Curtis.

In addition to the $2,175 million of NOA and $1.4 billion of expenditures already enacted there is about $1.7 billion of NOA and a billion of expenditures passed by one House or the other, but not both.

I hope and pray that will be reduced. In addition, at one place or another in committee, and, admittedly, these are our judgments as to what the cost of some committee proposals are, there is an additional $2.1 billion or $2.2 billion in terms of NOA and about $1.1 billion in terms of expenditures, so I am sure that these numbers will be reduced by the time they get through Congress.

I am sure that we are going to be able to in turn reduce below that, but at the present time it is a little bit like a man trying to save money on an office building before the architect has given him the plans. It is pretty difficult to specify exactly what is he saving from.

Mr. CURTIS. Yet, Mr. Schultze, that is necessary to make any long-range plans, at least to come up with good estimates. I recall interrogating the chairman of the Appropriations Committee, Mr. Mahon, on the floor, on what the supplemental budget figures might be for the Vietnam war and I think he gave a range from $5 billion to $15 billion. I said, that I thought that was no kind of judgment on which anyone can base planning.

Does the administration have any more accurate figures? I think probably the $15 billion I mentioned might even be too low.

Mr. SCHULTZE. Mr. Curtis, I don't believe you were here yesterday when Secretary Fowler discussed a similar question. I would like if I might to repeat the substance of his answer.

Mr. CURTIS. Very good, because it is essentially in your department we get this answer.

Mr. SCHULTZE. As you will recall, Secretary McNamara testified on four occasions before the Appropriations Committees, both on the 1966 supplemental and on the 1967 defense appropriations, that the defense estimates in the President's 1967 budget were based on financing Vietnam operations through June 30, 1967.

In the message last Thursday President Johnson pointed out that if the conflict extends beyond the current fiscal year we are going to have to order additional material and equipment, and to be on the safe side and to support our men in Vietnam we are going to have to act on this contingency.

In short, if there isn't any major breakthrough on the political or diplomatic side, and if the conflict doesn't deescalate, we will need more funds for Vietnam this fiscal year. But we don't know yet how much more funds we are going to need and we don't know yet at what speed we are going to have to spend them.

Secretary McNamara will make recommendations to the President when he can get a reasonable fix on these requirements.

Now, we could send up an estimate now and we could act in ignorance of a firm determination of what we need and we could place orders and contracts in ignorance of a firm determination of the amount needed to cover every possible outcome.

Mr. CURTIS. But at least you could give us a figure showing what present contracts due for completion in this fiscal year might be, those that are above your January estimates. I can understand fully the difficulties of the problem, but I think you must recognize, Mr. Director, that your answer is no answer at all simply to tell everybody. I think we do realize that you have a difficult problem and sympathize with you.

Mr. SCHULTZE. No, sir.

Mr CURTIS. But the net result is that you are giving us no firm estimates and you are saying there are no firm estimates.

Mr. SCHULTZE. At the present time that is correct.

Let me point out a couple of things on this. Senator RUSSELL in presenting the Defense appropriation bill on the floor, faced with this same kind of question and problem, noted that Secretary McNamara had pointed out in August that in just 72 hours before he had come up to testify he had been presented with three different sets of requirements by the Army and he had not yet been able to get through these.

Secretary McNamara testified that he was going through the proposals item by item. For example, in terms of air ordinance, you asked me what will be spent out of contracts already placed or in contemplation. In terms of air ordinance, Secretary McNamara in the first session of the review was able to make substantial reductions.

He is now going through ground ordinance, through aircraft, and through other materiel, so that I can't give you a figure as yet. We are going to have to have some firm estimates. As soon as it is possible to make them we will present them to the Congress for whatever the Defense Department needs under the contingencies I indicated, but quite honestly, sir, I can't do it now.

As I say, we could come up with some guesses, and we did this in Korea. We financed practically every possible outcome. We ended up with two consequences.

First, when the conflict in Korea ended, we had about $12 billion worth of excess equipment on which we got a couple of cents on the dollar.

Secondly, in the first year after the Korean conflict started, we tried to order for every possible outcome when we didn't have an estimate. We drove up the unfilled order backlog in manufacturing durable goods industries by about 170 percent. The order backlog has gone up about one-seventh that much in the past year, so that the reason we can't give you firm estimates now is we are trying to get good estimates and not trying to finance every possible contingency.

Mr. CURTIS. At least give us your working papers. I have about come to the conclusion you have no working papers. The working papers would be these: Your high estimates as you describe in the Vietnam war and then what you modify downward on the assumption that you are going to do a more careful job than that. What are your high estimates for Vietnam?

Mr. SCHULTZE. Mr. CURTIS, the Secretary has not yet prepared his estimates for the President and I don't have such estimates.

Mr. CURTIS. All I can say is that my statement is certainly true in light of this testimony. It is a hand-to-mouth operation and not long-term planning.

Mr. SCHULTZE. No, sir; I disagree with that.

Mr. CURTIS. How can you dispute it in light of this? Here we come to a crucial fiscal problem facing our society. Many of us felt that it reached this crucial point months ahead of time. We couldn't get any recognition from the administration that this was serious.

Finally, the President himself in a message to Congress last week has used these very words and says it is a crucial fiscal problem, and now we are exploring it before this committee where you have a figure of $1.5 billion which apparently is in a sense a guesstimate of what you have been able to cut back on, plus another estimate of $1.5 billion, and I ask the very obvious question what is this a cutback from?

Mr. SCHULTZE. And I make, I think, the very obvious answer, Mr. CURTIS, is that until I have the plans for the building I can't tell what it is going to be a cutback from.

As soon as we can get the final appropriation figures and the final estimates we will pare them down. We will firm them up. I did say, Mr. CURTIS, that it was our best judgment—and, admittedly, it is our best judgment now because we don't know what the final action is going to be—we will probably have to cut at least another $1½ billion out. That is the best I can give you.

We tried to go as far as we could in terms of giving estimates in the face of this uncertainty.

Mr. CURTIS. All I know is previous administrations have given this committee, particularly when we have gone into the debt problem or the debt ceiling revised estimates of expenditures and we used to get them two or three times a year.

This administration as near as I can figure has never come up with any revised figures, and one of the times we used to get revised figures was in April. We used to get another revision in June. We would get another revision around October or November.

We have none of this even in the areas having to do with defense. Now I want to direct myself to another point.

The administration has been boasting—I think the word "boast" is an accurate description—that this war really hasn't discommoded the society because it has cost a smaller percentage of GNP, than let us say, the Korean war.

If this is true, surely we are capable with all the people employed in the Bureau of the Budget and all of these departments to come up with some sort of estimates.

Secretary FOWLER. Mr. CURTIS, may I interject just one comment?

Mr. CURTIS. Surely.

Secretary FOWLER. I think you are overlooking a change in the situation. In the years to which you refer it was quite customary for the Congress to reduce the requests of the administration, both the Eisenhower administration and the early years of the Kennedy administration, from the level in the President's budget to some lower level. Under those circumstances it was practical to prognosticate what the reductions from the President's budget would be because that was the top figure.

Now the situation has changed. Last year and now this year it seems quite likely that the top estimate is going to be what the Congress appropriates and not what is in the President's budget, and we can't cut down from a top figure that we don't know.

We can't deduct that $3 billion that Mr. Schultze refers to from some figure we don't know.

Mr. CURTIS. Let us not get our apples and oranges mixed again because I have been directing attention to expenditures, which is in the control largely of the executive branch.

Secretary FOWLER. Which is going to be affected by appropriations.

Mr. CURTIS. You began talking about appropriations. Now, granted appropriations do reflect on expenditures, and I have paid attention to Mr. Schultze's remark that of the $2.175 billion appropriation above the presidential request figure, $1.4 billion is reflected in increased expenditures or will be——

Mr. SCHULTZE. May I interject, Mr. CURTIS?

Mr. CURTIS. I am just keeping these two separate, but I think, Mr. Secretary, your response got us back to this confusion of apples and oranges. Yes, Mr. Schultze.

Mr. SCHULTZE. I would like to make two points.

One, the entire amount of additional appropriations will, of course, show up in expenditures. While the add-ons will amount to only $1.4 billion in fiscal 1967, they will all eventually be there in the way of expenditures.

Mr. CURTIS. Not necessarily. Some programs phase out and are terminated hopefully and we don't expend. In others there may be an acceleration. We are all familiar with that.

In fact I was glad to get your figure. It happened to be what I had guessed at. I thought that you probably had flexibility of around $25 billion in the amount you have power to spend, and I think you gave some figure of 23 something.

Mr. SCHULTZE. My point, Mr. CURTIS, is that if the programs were carried out as voted, the additional expenditures would be $2.175 billion, of which $1.4 billion would be in fiscal 1967 and the rest in later years.

Mr. CURTIS. That is right.

Mr. SCHULTZE. As I have indicated, and as the President has already indicated, we are going to try to hold back some of these. Now, you can't just hold back spending. You have to hold back the making of the contract and commitment. Obviously that is how you stop the spending. You don't welsh on prior contracts. We both understand that.

Mr. CURTIS. We don't, but let us not use the word "welsh." Use the term "terminate." We sometimes terminate a contract knowing we pay a penalty.

Mr. SCHULTZE. We do, but very seldom, Mr. CURTIS.

I think you would agree with me that the appropriate way to make the cuts is to go through and reduce your obligations, contracts, and commitments.

Mr. CURTIS. Certainly, but I will tell you any contract that is written ought to be written with the object in mind, if for some reason or other the purpose of it has been altered, there can be a termination of the contract, with penalty, of course. This is common in commerce.

I am not just talking about welshing. We are talking about what I would regard as the normal course of events, particularly when we are dealing with military procurement, where we know if we are doing a good job we are dealing with a lot of obsolescence and rapid change. We should find this to true if our research and development is doing its job.

We are constantly making obsolete weapons and lines of weapons which means that we surely shouldn't complete contracts on something where we have had a breakthrough which has made the article contracted for obsolete. I think we need to pay more attention to the distinction between appropriations and expenditures. I was directing your attention to expeditures, because they are what affect the immediate fiscal situation.

I have argued on the floor of the House and I voted against appropriation bills on the theory that you indeed start as soon as you can. And I have voted against authorization bills because you can go back that far along the chain of events to stop the spending process. But let me raise another point about the lack of working papers believing very hopefully that you must have some more accurate statistics.

When you don't include in your budget the wages and salaries of men who are actually in service how can we have much confidence in your other estimates, because that is an expense that is obviously going to occur, and yet the administration doesn't budget it.

The House put it into the budget, wisely I thought. The Senate took it out, as I now do recall when it was brought to my attention. But let us get back to the basic budgetary process.

Why in the name of heaven isn't that included in the 1967 budget?

Mr. SCHULTZE. Because at the time the 1967 budget was made up we didn't know about it, sir.

Mr. CURTIS. Don't you revise your budget?

Mr. SCHULTZE. Excuse me, sir. As Secretary McNamara again pointed out in committee, he has the authority to go ahead and make those expenditures. But he is not yet sure as to what he is going to end up with. And he wants to be as sure as he can before he comes in for the necessary funds.

Mr. CURTIS. I would much prefer to have you take a crack at it perhaps every 2 months, and put a little discipline in this thing from the standpoint of the Congress. When you operate this way I again must use the phrase "hand to mouth," at least as far as the Congress is concerned.

Mr. SCHULTZE. No, sir.

Mr. CURTIS. We are slightly in the dark right now as to what the real expenditures might be. Now let me cite again a figure I quoted last night on expenditures for the first month of fiscal 1967, namely, July, and this is reading from the August Indicators prepared for the Joint Economic Committee, which is the most recent issue.

We have the figure of $10.3 billion. You pointed out that you have to be careful of monthly figures. I agree, but when you don't give us anything better at least Congress can refer to that, and I did put in context, Mr. Director, by relating it to July of 1965.

Mr. SCHULTZE. Yes, sir.

Mr. CURTIS. Which is $7.2 billion, and, incidentally, if there is any seasonability about it, June of 1965 was $9.1 billion, so we had a reduction from June to July in 1965, while in 1966 the June figure was $9.4 billion and we have an increase then to 10.3, but taking the 10.3 figure and, as I said, multiplying it by 12 months, and I do believe our figures are going to go up, we end up with a figure of $123.6 billion expenditure for fiscal 1967 in lieu of the $112.8 billion figure that was given in the budget.

Let me ask is that a reasonable assumption of what our expenditures might be for fiscal 1967?

Mr. SCHULTZE. Mr. CURTIS, by multiplying the figure of July by 12 months you will not get a reasonable estimate.

Mr. CURTIS. Will you tell me why this particular month then is out of line?

Mr. SCHULTZE. Yes, sir; I will, sir.

In the first place you will notice that the increase in expenditures in July was not in defense. You will note that defense went down.

Mr. CURTIS. I called that to your attention, that it was $4.7 billion.

Mr. SCHULTZE. And $5.9 billion the prior month.

Mr. CURTIS. For defense and the previous month was $5.9.

Mr. SCHULTZE. May I go ahead, sir?

Mr. CURTIS. Surely.

Mr. SCHULTZE. I think it is very useful in order to get some idea of what is happening to take a look at the trend by taking 3-month averages and go back so that you avoid the month to month ups and downs.

If you look at these 3-month averages then you can see they are way up and down. Let us take those civilian expenditures that went up and take them by 3-month averages and go back for five quarters. The monthly average by 3-month intervals read as follows: In the last 3 months that we have numbers for, nondefense expenditures averaged $4.3 billion, in the prior 3-month period $3.9 billion, in the prior $4.4 billion, in the prior $4.6 billion, and in the prior $3.8 billion.

Now, you will get months within each 3-month period where expenditures varied a great deal, but you smooth it out a little bit by taking 3 months. You still don't do it completely. You still can't multiply the 3-month average by 12.

Let us take a look at the specific items to see why you happen to have from June to July what I would call a spurt. You get it from a number of factors.

Mr. CURTIS. But you had it the other way the previous year. You had it down.

Mr. SCHULTZE. That is right. If you look again in terms of civilian expenditures in this particular case from let us say November to December they fell substantially. Then they rose again.

They fell again from March to April substantially, but there were, as I say, three things that happened, or really four things that affect the June to July change: First, there were participation sales of $530 million in June with a consequent increase from June to July. Second, there were sales of $350 million by the Export-Import Bank in the early part of June.

Expenditures of the Commodity Credit Corporation in July were way up and in June were down, but if you go back and look at CCC expenditures over a longer period they jump around from month to month. And, finally, the Fannie Mae (FNMA) in making some of its secondary market loans had to get almost $400 million from the administrative budget in July which it didn't have to in June.

These four items make up almost all of the change from June and July.

Mr. CURTIS. Okay, then take these real figures and give me your estimate. Maybe your figures are valid. I don't happen to think so, but just take your hypothesis. I came out with a figure of $123.6 billion. You apparently are saying you think that is too high because you want to adjust it in relation to the arguments you just made.

Now tell me, based upon your adjustment, what figure do you come out with?

Mr. SCHULTZE. Mr. CURTIS, all I can do with these adjustments is give you the trend over the prior year. I cannot give you the final expenditures until I know two things. First, an estimate of Vietnam, which I honestly do not know and Secretary McNamara doesn't yet know. He is in the process of examining it carefully.

Secondly, I don't know what the appropriation bills are going to contain and how much of them we can hold back. For those reasons I cannot give you a forecast. What I can do is simply show, as I have attempted to do, that the 1 month of July in and of itself cannot be used to make a prediction for the remaining months of the year.

Mr. CURTIS. Now, Mr. Director, I must say one of the things I did as an individual, when your figures for the first 2 months of fiscal 1966 came out, namely, July 1965 and August 1965, was to praise the administration for continuing to hold the expenditure line because those 2 months added $7.2 billion and $9 billion, giving us a total of $16.2, which gave us an expenditure level carried out for the year of $97.2 billion, which was very near the range of the $96.5 billion that I had commended the administration for projecting for fiscal 1965. It was also in line with the figure of $97.7 billion which was the figure that the administration had reached in the previous fiscal year.

Now, I would say part of this has been a misrepresentation of expenditure figures to the public and Congress, because the tax cut of 1964 as far as I was concerned could only be beneficial to the economy if it was in context with expenditure control. I believe the administration needed the Republican request for expenditure control.

We actually reduced this to an issue in the Ways and Means Committee. The minority's motion to recommit said that we are for the tax bill and the tax cut of around $12 billion, if you hold expenditures to $97 billion for fiscal 1964 and $98 billion for fiscal 1965.

The administration resisted that motion to recommit and the bill became law without it. But as I have often pointed out, the administration subsequently adhered to this concept, and in fact did us one better, by holding expenditures below it.

This is the significance of pointing out how fiscal 1966 started out. Then when the figure for September 1965, which is the third month of fiscal 1966, was published in early October I took the floor of the House to express grave concern because this looked like moving up to an expenditure figure of around $114 billion and with what I knew and what the Congress knew about the cost of the Vietnam war, this looked like the real figure.

Mr. SCHULTZE. As you will recall, expenditures in fiscal 1966 it turned out to be $106.9 billion.

Mr. CURTIS. Yes; but it was certainly considerably beyond the $97.2 billion original projected expenditure for fiscal 1966. The point I am getting to is that this had a great deal to do, I argue, and I think it is clear, with the Federal Reserve's action in late November, in using monetary policy to try to cool down what they thought was an inflationary process resulting from the increased spending by the Federal Government.

Now, the administration gave us no estimates. I again point out we had Joint Economic Committee hearings in December. We wanted you present to find out what intermediate estimates you might have for your expenditures. We got none.

Even last May when we had the same group before us, save the Secretary of Commerce, to discuss the debt ceiling, we tried to get some estimates on expenditures and we got about the same answers you have given us here.

Mr. SCHULTZE. Mr. CURTIS, may I interject for a moment?

Mr. CURTIS. Sure.

Mr. SCHULTZE. I think both Secretary Fowler and Secretary Connor will remember that in the last week of December, and I believe the first 2 days of January, the President and the Budget Director sat down with each Cabinet Officer with a set of budget figures and with what we then called an A and a B list. The A and the B list were potential cuts from the budget.

I can't honestly remember at this time what the total of those A's and B's amounted to, but I am positive they were upward of $2 billion. Those decisions were very difficult decisions and were made very late. I think this shows that if, before we have firm estimates, we indicate on the basis of hunch and speculation what the figures are going to be, this does much more harm than good in the cause of expenditures control, because it sets in motion all kinds of forces to avoid the cuts that you and I both want to make.

I think we are agreed on the objective, Mr. CURTIS. I think the main problem is that we don't feel we gain anything by estimating the cuts in a preliminary sense before we can really nail them down. It just puts tremendous pressure to avoid those cuts.

Mr. CURTIS. You are now talking politically, which I think is right. I don't mean that in a narrow partisan sense at all. But you are talking about the political process. Certainly as a Congressman I am well aware of these pressures—this one time I do quote my fellow Missourian, Harry Truman, with approval—when he said, "If you can't stand the heat get out of the kitchen." I think that part of the role of both the President and those of us in Congress, is to resist some of this heat. One way of resisting it is to bring the heated discussions and issues out in the open, and we don't have a breakdown here of $1.5 billion on your first slice.

I was going to ask this question. Where are these cuts?

Mr. SCHULTZE. Again, I have indicated, or tried to indicate as much as I can, the areas they are coming from. I noted that of the $1.5 billion about $1.1 will be construction, pretty well across the board, and you can look at the big construction agencies and see where it is going to have to come.

Again I would indicate, Mr. CURTIS, that it will do more harm than it will good, before we can get these locked up, to publish them. I think you know the reasons.

Mr. CURTIS. I do and I know the reasons for doing otherwise. I am going to state here and now that I think the reasons for doing otherwise are much more compelling than the reasons you give. I think it is about time the people of this country were allowed to have some of these facts.

The administration has been making decision after decision that affects the welfare of our people behind closed doors without the Congress——

Mr. SCHULTZE. Mr. CURTIS.

Mr. CURTIS. Let me finish this please.

Without the Congress, the people's representatives, being able to find out. Now we still can't find out here in congressional committee, and the reason being, if I may use my words, you want to protect the people from their own foolishness.

Mr. SCHULTZE. No, sir.

Mr. CURTIS. I reject this.

Mr. SCHULTZE. Excuse me.

Mr. CURTIS. Why not let the people know where these cutbacks are, and if there are some people in our society that are so lacking in concern of the public welfare that they want to push forward their particular project, let them do so, and then if it is in my district, and I have borne this out by my actions—economy must begin at home—I politically will fight increases or even programs in my district and I think a lot of other Congressmen will, too.

This is the issue here.

Mr. SCHULTZE. Mr. CURTIS, as I indicated in my statement in the first place, and as I indicated earlier in response to a question of yours, it is a little bit like trying to save money on construction of a building before you have the final architect's plans. As soon as we can get those plans we will know precisely where we can lock these reductions in.

We are going to have to make some adjustments in these figures. We don't yet know exactly what we are going to have to cut from, both the first and the second slice. However, in order to move ahead with expenditure reductions we have told the agencies, even through it is tentative, to lay out their annual plans and make their commitments for spending, et cetera, during the next several months on the assumption that these figures will be final.

We will have to make some modifications pending the final action by the Congress. When that action comes we will tell the Congress, the American people, anybody who wants to know, precisely what decisions have been made.

Mr. CURTIS. We ought to see your working papers and so do the people of this country want to see some of your working papers. This administration has got us into a serious war without the people or Congress even knowing what steps led to it, and I am not being unreasonable in asking for a few little working papers.

I wasn't able to be present here all yesterday, but I have been here enough with my own questions to know that all I am going to get is generalities. I am not going to get anything specific. I can't even find out where your $1.5 billion cuts are coming and, Mr. Director, I know you personally and have a high regard for you, but let me say you are bearing the brunt of being loyal to the administration.

I must respectfully say I don't believe these figures. Maybe that will bring out the real ones so that you can substantiate them.

Mr. SCHULTZE. I think all you have to do is take a look at the President's record to see what he has done on expenditure control.

Mr. CURTIS. I saw that record and I praised it——

Mr. SCHULTZE. Yes, sir.

Mr. CURTIS (continuing). In 1965 and since then, since September 1965, last year, when I saw these figures go up I couldn't find out why and where, feeling, of course, that these are in the Vietnam war somewhere, but not really knowing. Then, also, I saw expenditures go up in the private sector for Great Society programs, and so forth, and was not even able to get the details on this. I must say I no longer can rely on the President.

Mr. SCHULTZE. Mr. CURTIS, I would say, look at the record. I would say, secondly, where we are really disagreeing is that Secretary McNamara believes, and the President believes, and I believe, that we serve the cause of both economy in Government and efficiency and honesty best by coming up with hard estimates when we are able, rather than by operating on speculation.

This essentially is what we are doing.

Mr. CURTIS. And I say to you, sir, that the best way to be sure you get good judgments and honest judgments is let the public look in at what you are doing. Why not show the working papers? There is no reason on God's green earth that I can see for this aura of secrecy about what goes on in the executive branch of the Government.

Mr. SCHULTZE. It is not an aura of secrecy, Mr. CURTIS.

Mr. CURTIS. Well, what is it?

Mr. SCHULTZE. Mr. CURTIS, as you will recall, we have under the Budget and Accounting Act of 1921 an executive budget. This is a set of recommendations from the President to the Congress. We work those recommendations up and present them to the Congress in detail.

We are trying here to give you as much as we can of what is going behind these recommendations before we are certain. I think we have gone as far as we can. I think we have laid out the nature of what we are doing in some detail. I can't give you very detailed specifics because we don't know finally what they are going to be.

This is essentially the current situation.

Mr. CURTIS. Good planners come forward with revised estimates. There isn't a business in the United States that doesn't revise its budget constantly almost on a monthly basis. They are guesstimates, of course, but they serve a purpose of long-range planning.

The testimony here clearly reveals what I have alleged is a hand-to-mouth operation and this proposal before us is too little, too late, and I just fear for the future of this country in this kind of operation.

Secretary FOWLER. Mr. CURTIS, may I make a comment here?

Mr. CURTIS. Certainly, you may.

Secretary FOWLER. I think, as I tried to make clear in my statement, we are not coming to this committee at this time asking for what is primarily a revenue measure; therefore, we are not accompanying our presentation with what would be the normal accompaniment of a revenue-raising measure—namely, a current estimate of expenditures and receipts.

I would also like to say that in coming before the Congress, including in the President's message as I indicated yesterday in my statement, we felt that an affirmative commitment by the President to work with the Congress in effecting a program of expenditure control and reduction in the level of expenditures in the Government area would be a natural and normal accompaniment of the legislative request for changes in the tax law designed to defer and reduce the level of expenditures in the capital goods area.

Now, given that commitment in the President's message and the placing of concrete figures on that particular commitment—as Mr. Schultze has indicated—the bill of particulars as to the specific items and projects that would be eliminated or deferred must be tentative until we have the totals from the appropriations process in front of us.

We don't know how much is going to be added. Let me make one more comment with respect to the difficulties we have in giving hard estimates on military expenditure figures. For example, yesterday I quoted from a news dispatch reporting on an interview of General Westmoreland in which he said:

"Asked how many more troops will be needed to win the war, Westmoreland said, 'The important thing is for countries of the free world to give sufficient force to give the South Vietnamese people a free choice for their type of government.' He added that it was impossible for him to predict how many more troops will be needed to accomplish this mission."

Now, at some point it is perfectly clear that General Westmoreland, unable to give a hard estimate now, will have to give a planning estimate and that planning estimate for the next year, or whatever the appropriate planning period is, will have to become the basis for procurement activity, the releasing of new orders and new contracts, out of funds available or a request will have to be made to the Congress for a supplemental appropriation if additional funding is necessary as undoubtedly will be the case.

That is just one of the imponderables we can't do anything about. The general in the field can't do anything about it either.

Mr. CURTIS. Mr. Secretary, this committee deals with this problem all the time in our estimates on the costs of the various social security programs we have, and the way we go about it is by making high estimates and low estimates.

We have before us the assumptions. We do the same thing in the highway program and you know this committee has to figure out its revenues, the high and the low, and at one time we decided to stretch the program out and increase revenues a little bit. If you really are working with the Congress, to use your phrase, I would say you have to give the Congress some of your assumptions on these things. We have none of these assumptions.

I would like to know what programs are to be deferred. Congress has a right to have a judgment on whether this program or another program or another would be the one that should be deferred or postponed or how the level should be in light of this. As I said in January, I thought we could have both guns and butter, but I felt we had to do a lot of hard work to figure out how in fact to afford both.

Today I am convinced that we cannot have them both and we are going to have to figure out priorities, but to do that we need to have some criteria and some assumptions. Here we are now, left practically as if there were not hearings at all as far as I am concerned.

One other thing. You are not here to ask us for revenue in this bill, which I think I would observe, I wish you were. I think probably one way and a preferable way, rather than fouling up business planning, would be to ask for additional revenue—and I say this as one who thought in the beginning the investment credit was bad economics and bad tax law. But having put it into law you have something that you can't pull out for the very arguments that Mr. Schultze has been giving us, the difficulties in planning construction and so forth.

This tends to affect long-range planning. This is not a thing that I could see would have a real impact other than psychologically. I would rather see you come in and ask for additional revenue from, say, a 2-percent increase in the corporate tax or if that wouldn't be enough to even have an increase in individual income taxes.

If the people had some understanding of what the needs of the Government were I think there would be a response, but you are not prepared at this moment to give the people's representatives, this committee of the Congress, these estimates, so of course you are not in a position to ask us for tax increases.

But we are concerned and your presentation makes it very clear that you are concerned with the problems of debt management, the other aspect of financing Government when we don't get it through revenues, and this becomes in these recommendations you have made here a very crucial point of judgment.

I have always said the basic judgment first to be made when we get into the field of debt management is first what should be the mix between current revenue to pay our bills and debt and that decision should be made first. Then, as we make that decision we can move into the problems that confront us in debt management.

Well, I have done the best I can. I am sorry. I think this record is a very sorry one. That is a personal opinion. I hope the public will judge it. I can't express the shock that I experience when I think that our country is being handled in the fashion that these kind of answers indicate.

Now let us turn to another item.

Secretary FOWLER. Mr. CURTIS, I think in all fairness——

Mr. CURTIS. No, you make your speeches elsewhere.

Secretary FOWLER. I have listened to yours. Now you listen to mine.

Mr. CURTIS. Surely, but I have to listen to it in the papers and I seldom get this point across. Sure I will listen to you.

Secretary FOWLER. Mr. Chairman, I think I have said all I need to say.

Mr. CURTIS. That is what I think, too, because, and I don't mean this disrespectfully, the reason I was cutting it off was because mine was sort of a terminus statement before I turn to just a final thing which is a brighter side of the coin.

Concerning revenues, and I direct this to Mr. Fowler—I am reading now from your monthly statement of receipts and expenditures from July 1 through July 31, 1966, and this is on page 2—I notice that the fiscal year 1967 to date revenues show a $7.4 billion figure and the corresponding period, fiscal year 1966, show a $4.4 billion, which shows a very encouraging $3 billion increase and this seems to be reflected in the first two columns where for this month the receipts are $7.4 billion and the corresponding month last year was $4.4 billion.

Essentially this increase seems to be in individual income tax. Would you care to comment as to whether you think this is something we could count on as increased revenues throughout this coming fiscal year and how that would bear on this fiscal problem?

Secretary FOWLER. Congressman CURTIS, I would not rely on this as being something that will be repeated in subsequent months. We have noted that factor and the Commissioner of Internal Revenue and his staff are inquiring into the reasons.

We don't have any concrete facts to explain it. Our initial judgment is that there is an element of spillover involved here from the previous fiscal year. I think it would be premature to assume an increase in receipts of this magnitude is going to be repetitive. Of course, we would expect revenues this fiscal year to be substantially in excess of revenues in the last fiscal year—but not to the degree indicated by the July receipts.

Mr. CURTIS. Do you have your August figures?

Secretary FOWLER. They are not ready quite yet.

Mr. CURTIS. Do you have any basis even now with what you have as to whether this is a continuing situation?

Secretary FOWLER. We asked the Commissioner of Internal Revenue this morning to look at this because we didn't have any analysis of it.

Mr. CURTIS. Thank you very much.

Mr. Chairman, if I may say, let me make it clear on the record, and I think you gentlemen in front of me know this, that I have the highest regard for each one of you individually and even others I have referred to.

These are issues beyond individuals. I am trying to express as best I can a point of view that I think needs expressing and one on which, of course, I personally feel quite deeply, but I have the highest regard for you gentlemen as individuals and as to your capabilities.

Mr. KUPFERMAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KUPFERMAN. Mr. Chairman, I want to commend the gentleman from Missouri [Mr. CURTIS] for his excellent economic and financial analysis, a copy of which should be sent to the White House.

I would only want to add that, in addition to the unhealthy brake on our

economy which this bill conceived suspension of investment credit may bring at this time, the failure to include an exception for investment in equipment to reduce or eliminate air, water, and noise pollution, is just one more reason for opposing H.R. 17607.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks on capital expenditures and gold outflow.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, much has been said in recent months about our balance-of-payments deficits. Most recently Secretary Fowler, in addressing the annual conference of the International Monetary Fund, spoke on this subject. There is no question that the balance-of-payments deficit poses a serious problem to our country—one which must be solved. Our country, the United States, is the only major country in the world that does not have controls over the exports of its capital and gold.

As we all know, we have consistently run a surplus in our balance of payments as regards our trade balances. Our export in goods and services—manufactured goods, agricultural commodities, and other such items—have consistently substantially exceeded the importation of such commodities into our country. However, we have run deficits—and substantial ones—in our capital account. Also, in part our total balance-of-payments deficit has been caused by the drain on our currency created by the Vietnam crisis.

A substantial amount of this problem could be solved if the United States were to do what all European countries do; namely, pose legal restrictions in whole or in part against the export of our capital funds. All European countries, as has been brought out many times both during hearings conducted by the Joint Economic Committee and the House Banking and Currency Committee, pose such restrictions. I believe we are at a crossroads. Certainly the United States has done much to help the developing nations of the world and also help the European countries recover from the devastation of World War II by the Marshall plan. But at least one of these same countries now seeks to or have already taken advantage of our generosity by attempting to embarrass us either by transferring their dollar claims against us into gold or attempting to pressure us into taking action within our domestic economy which would be beneficial to them but harmful to us. This we must not allow to happen.

For months I have been suggesting to the Secretary of the Treasury and others that the Congress should seriously consider action along the following lines:

First. Suspending the free payment of gold for dollar claims held by foreign nations and individuals on a selective basis.

Second. Placing a restriction upon the export of dollar capital by U.S. corporations, banks, foundations, and others.

Third. Insisting that American tourists traveling overseas convert their dollars into surplus currencies held by our Embassies overseas where such currencies can be used and are available for local purchases.

Furthermore, Mr. Chairman, it must be remembered that the handful of nations which insist on attempting to embarrass our great country are precisely those which continue to owe this Nation as a result of various debts created during various past wars or as a result of other transactions. We should insist on a repayment of these debts.

No longer can the United States alone bear the burden of assisting in providing prosperity for the other nations of the world. Certainly I am not suggesting that we shrink our responsibility and duty in this matter, but I am suggesting that those nations who persist in continuing to drain our gold, who persist in attempting to embarrass us, should either be forced to stop these actions voluntarily or else we must take positive action as needed.

If this situation grows any worse, Mr. Chairman, and if it does not better itself in the months ahead, I shall feel obligated to ask the House Banking and Currency Committee to hold hearings on this vital subject in an attempt to bring to the floor legislation to solve this matter.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Ohio [Mr. VANIK].

Mr. VANIK. Mr. Chairman, I am in support of this legislation to control inflation and I want to take this opportunity to urge and support the amendment to this legislation which would exempt capital expenditures for air and water pollution control from the suspension of the investment credit provided for in H.R. 17607.

I supported the pollution amendment in the deliberations before the House Ways and Means Committee and I support this position now.

The efforts to control and abate the pollution of the air we breathe and the water we drink should never be suspended. The health and welfare of our people are too critically involved. The industrial pollution of Lake Erie and the waters of the Great Lakes is proceeding at so rapid a pace that only a crash program can preserve the usefulness of the water for life and industry during the remainder of this century. The pollution of the air in the industrial cities of the North is so critical that huge areas of America may soon be deemed unfit for human habitation because air pollution has achieved levels beyond a healthful human tolerance.

These problems cannot be solved by laws alone. Polluting industries cannot be ordered to shut down and terminate employment for the millions of workers who are involved. The control of industrial air and water pollution can only be brought about by either public expenditures to abate public and private contamination or private corporate expenditures to abate private industrial pollution.

If there is any place where the investment credit was ever justified, it would be in the area of expenditures for water and air pollution control and abatement.

I have introduced legislation to provide for the accelerated depreciation allowances for air and water pollution control devices. In my judgment, this kind of legislation deserves to be incorporated in the basic tax laws of the country. It is my hope that in the new Congress we can proceed toward the enactment of this kind of legislation which can provide substantial incentives to industries to clean up the streams and filter out the contamination of the air. The war against pollution is as critical to America as any other struggle in which this Nation has been involved. At stake is the health and economic welfare of the country. The future success of America is critically dependent upon a sufficient supply of fresh water and air of high quality.

With an amendment to achieve this purpose, this legislation should achieve its goal of deterring excessive capital expenditure without suspending industrial efforts to combat pollution.

Mr. BURKE. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I will be pleased to yield to the gentleman from Massachusetts who, in the Ways and Means Committee, vigorously supported the exemption for capital expenditures relating to pollution abatement and control.

Mr. BURKE. Mr. Chairman, I wish to associate myself with the remarks of the distinguished gentleman from Ohio. As he knows, I have supported this move all through the entire discussion on this bill.

Up in New England the plants along the rivers there expect to spend millions of dollars during the coming year and many other plants are going to spend millions of dollars to prevent pollution of the air. I think it would be grossly unfair not to grant them this exemption at this time.

Mr. Chairman, I wish to commend the gentleman for his efforts.

Mr. VANIK. Mr. Chairman, I wish to state that the gentleman from Massachusetts made a strong fight in the committee on this issue. I am very happy that the committee amendment will meet the problem that is so critical and so important to his area and to mine.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from California.

Mr. HOLIFIELD. Mr. Chairman, I wish to commend the gentleman from Ohio for his remarks and I wish to associate myself with them.

As the gentleman knows, we have a peculiar problem of temperature inversion in the Los Angeles area. While we do not have enough water in the area to worry very much about polluting, because most of our rivers have sand bottoms when there is water in them—we do have this terrible problem of atmospheric pollution.

Our industries out there are spending considerable sums of money to clean up

this pollution. We have passed laws in regard to automotive vehicles to put special devices on them to prevent this pollution of the atmosphere. While I would be willing to forego the exemption on these particular devices, providing there was no other exemptions available, I do feel in this fight we are making out there, all of which is an extra expense upon industry, that a special treatment is in order.

I do not believe, and I have not heard what the amount would be, but I do not believe that from a tax standpoint it will deny the Treasury of the United States very much revenue in taxes—will it?

Mr. VANIK. Apparently, the loss to the Treasury would be very small. I do not know what the exact figure is. It is probably under $10 million in the aggregate. I think it is a small price to pay for continuing our work on air and water pollution.

Mr. HOLIFIELD. I agree with the gentleman. I certainly appreciate the action that the committee has taken.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Michigan, who very ably presented a plea before the Ways and Means Committee to exempt capital improvements for air and water pollution control from the suspension of the investment credit.

Mr. DINGELL. Mr. Chairman, I thank my good friend from Ohio for yielding to me. I wish to commend the gentleman and the committee on the stress that they have placed on the necessity for cleaning up our polluted waters and air. I think this amendment is an excellent one.

Mr. VANIK. Mr. Chairman, I yield back the balance of my time.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, in connection with the tax legislation we are considering today, the Morgan Guaranty Survey edition for September carried a most timely and perceptive article.

However we look at this legislation, its effectiveness as a tool against the immediate inflationary problem we face is certainly debatable. How much of an impact it will have on the capital investment sector of our economy—and when that impact will be felt—are other questions we must consider.

The first two sections of the article to which I referred provide an excellent discussion of these and other points. I offer those portions of the article, entitled "Business and Financial Conditions," for the RECORD:

BUSINESS AND FINANCIAL CONDITIONS

With the economy continuing to bump against the upper limits of its practical capacity and still exhibiting a strong inflationary basis, it is most welcome that the Administration has taken some actions and recommended others to Congress which are designed to afford some relief of pressures. The very fact that the President presented a package of fiscal actions early in September has helped to improve confidence in business and financial circles.

Unfortunately, it is not clear that the contents of the package will have the desired immediate effect of hitting at the inflationary tendencies that are present now and relieving monetary policy of the inordinate burden it has been carrying. Rather, it seems entirely possible that the main constraining impact of the steps outlined by the President is likely to come only in another half-year or so, and in the interim financial strains may get worse and a good deal of additional permanent harm can be done to the country's price and cost structure.

The prospect of continuing inflation threatens not only a further build-up of distortions domestically but also further damage to the country's international trade and payments position. (In the second quarter of the year, the U.S. trade surplus was at a six-year low and seemed still to be trending downward.)

There would be reason for more optimism if the declared intention to achieve economies in the federal government's nonmilitary budget had not been so vague. Official statements stressing that savings will not be easy to find justify skepticism as to how quickly tangible results will occur. So does the continued insistence that burgeoning Great Society programs must not be impaired. Relatively prompt actual evidence of cutbacks is needed to offset the skepticism. It counts for something, of course, that the Administration is at least looking for ways to trim expenditures, and there is certainly justification for describing its move as "a step in the right direction." The step, however, has the appearance of being excessively modest, especially when measured against the long distance that needs to be covered. The government's cash budget is currently in substantial deficit, with cash payments to the public running at a seasonally adjusted annual rate sharply above the total forecast last January for fiscal 1967 as a whole.

Significantly, there still has been no forthright acknowledgement from Washington that it would be appropriate under present circumstances for the government to be running a surplus in its budget accounts, something that is explicit in the canons of the New Economics. It seems clear that the federal budget will continue as a major stimulative force in the economy in the critical months that lie immediately ahead.

A POOR CHOICE

The most dramatic feature of the President's new package is the recommendation that Congress suspend until the end of 1967 both the 7% investment tax credit and accelerated depreciation. The evidence is persuasive that these two devices have contributed powerfully to the capital-goods boom of recent years, and it is not unreasonable to think that their suspension will ultimately exert a major restraining influence. The critical question, however, is one of timing. Just as the positive response to the introduction of these devices four years ago was relatively slow, so too is likely to be the negative reaction to their being taken away. This is mostly a matter of the long lead times associated with much capital-goods activity, a consideration strongly suggesting that appreciable effects should not be anticipated until well into 1967.

Actually, there is probably no less promising tool that the Administration could have chosen for trying to achieve short-run stabilization results. Not only is the desired tone-down likely to be slow in coming; additionally, toward the end of the suspension period a virtual drying up of all capital-goods order placements would be logical, as business firms seek to time their contract arrangements so as to make investment undertakings eligible for the tax credit and the accelerated depreciation. The process of suspension and reinstatement of the two devices thus looms as a dubious stabilization technique.

Indeed, it may well be that stabilization policies cannot ever be smooth if they seek to zero in primarily on capital-goods activity. Because of the long lead-time problem, such activity is bound to be hard to turn on and off quickly and adroitly. Delay is inevitable, and this makes it likely that the actual response to a stabilization move specifically aimed at investment undertakings would often perversely occur in a general economic setting far different from that which had initially prompted the control attempt. The relative intractability of capital-goods activity strongly suggests that it isn't necessarily logical to think in terms of directly trying to retard it simply because it is notably buoyant at a particular time. Other activities featured by less formidable problems of quick reversibility may have to be the prime targets of policy, even though strength in them is less pronounced than in investment activity. Actually, the soundest stabilization course is likely to be the one that avoids selective targets and relies instead on more generalized tools—the advantage here being that the market place itself determines the incidence of impact. This would be one of the key advantages of an increase in income tax rates, both personal and business, such as many economists have advocated in recent months. An increase of such nature would certainly have been preferable to the policy choice actually made.

Rounding out the three-part program which the Administration announced early this month was a specific pledge that borrowings by federal agencies during the rest of the year will not exceed amounts necessary to replace maturing issues. Earlier, a flood of new-money issues by federal agencies had contributed to pronounced price weakness in the nation's debt markets. An important reason prompting the government to make exceptionally heavy offerings of agency issues this year clearly was their effect in holding down the regular budget deficit.

Glutted as capital markets were with private and municipal debt offerings, the timing of the large agency sales was most unfortunate. Moreover, since investors are less familiar with them than with straight Treasury obligations, their distribution was relatively sluggish, particularly in the context of the strained market situation which prevailed, and could be accomplished only at interest rates one-quarter to one-half of a percentage point higher than would have been necessary to sell Treasury issues of comparable maturity. The Administration's decision to minimize such sales is thus very welcome.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, somewhat regrettably to me this legislation, and particularly the discussion that we are having here today, comes at the close of the week in which the legislative demands on this House were as they have been during this week. I say that because I know of no subject quite so important as that of the critical problems that we face in the fiscal economy of our country today. I would have hoped that more Members of the House could have been present to hear the previous discussions, because the fiscal policies in which we have indulged in recent years have created the situation in which, indeed, the chickens have come home to roost.

The announced purpose of the legislation before us is to moderate the pace of economic growth of the Nation. I think those of you who did not have, as I had, an opportunity to listen to some of the witnesses—and I believe this bears repeating—I point out we were told that

there is little hope that there would be any impact from the legislation before us today upon inflation for at least 6 to 8 months. Some of you are probably well aware of the fact that many top economists in the country today are suggesting that perhaps as early as next spring there may well be a cyclical recession. That being the case, it would seem to me that just at the time we might most need the 7-percent investment credit to stimulate the economy should it sag at that time, that would be the time when it would be under suspension.

If it were true that the effect of this legislation were going to loosen the dangerously tight money market, I probably would, as the ranking member of my committee is doing, reluctantly support this legislation. But I do not think that this bill will promote the flow of credit into the mortgage market. I do not think that it will have any material effect upon the inflationary trends which we are feeling in this country.

I would like to remind you of another thing, if I may. This is strictly a guess on my part, but it is my considered opinion that sometime after this election, and perhaps right after the first of the year, we will be called upon to enact legislation to increase taxes. It would be my further guess that this will probably come in the form of a surtax that would be sold—and I use the word advisedly—to the American people on the grounds that it was a surtax for the purpose of carrying on the growing costly war in Vietnam. And yet in the face of the fires of inflation, this Congress has repeatedly refused to exercise any fiscal discipline in the conduct of their legislative activities.

That is why I say it is regrettable that this bill comes up at the time that it does, because I think it would be healthy and perhaps even helpful to many Members of this House if we could have an open discussion of the serious problems that we face fiscally in this country.

I would conclude my remarks, recognizing the anxiety of many Members after a very difficult legislative week, by saying that if I thought for 1 minute the legislation before us, no matter how well intended it might be, would have any material impact upon the inflationary spiral, I would support it. I believe instead that it is going to create in some areas serious problems on the demand for credit, and that in the final analysis this bill will not accomplish the purpose for which it is before us today.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Montana [Mr. BATTIN].

Mr. BATTIN. Mr. Chairman, I rise in support of the legislation before us at this time. I do so certainly with no misgivings as to what is going to ultimately be accomplished by the legislation. I hope we are not back in here in a short time suspending the suspension.

I do feel from a personal point of view that it is necessary to do anything and everything that might bring about a halt to the inflationary situation which exists in this country today.

I am happy to have been able to participate not only in the public hearings but in the executive session as well. I do feel that because of some changes that are being made in the method of application of the investment tax credit, some injustices were bound to happen.

I offered an amendment in the committee.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BATTIN. I yield to my chairman.

Mr. MILLS. Mr. Chairman, let me thank the gentleman who, along with others on the committee, was very diligent in attending meetings on this bill, for the contributions which he and the other members made toward development of it.

The gentleman from Montana returned from his district in order to be present for the public hearings on the bill. He advised the administration spokesmen who were present during the course of the hearing of some of the problems incident to the lifting of the investment tax credit on people of his district, primarily farmers, who for some time had not been in a position to make investments to keep themselves abreast of the situation with the increased demand for food and wheat, and items of that sort. He stimulated my own thinking. The gentleman did develop within the committee, and I suggested that he offer, an amendment across the board to protect the first $15,000 of investment during this suspension period, to see to it that taxpayers received the investment credit with respect to such investment. When he offered that amendment, it was agreed to in the committee. I believe it was agreed to overwhelmingly if not unanimously. The gentleman did make a contribution to the development of the bill. I appreciate it. I know the gentleman agrees with the ranking minority member on his side in his desire that the bill pass.

What I said about the gentleman I can say about other members for the contribution which they made. However, I wanted to take the occasion to thank the gentleman specifically for his contribution.

Mr. BATTIN. Mr. Chairman, I thank the chairman for his very kind words.

I do hope the Treasury Department will not hesitate in the studies that are necessary to bring before the Congress in a very short time the realistic measures that are going to be necessary to stem the tide of inflation. With that, again I urge the adoption of the bill as a means, at least a step, no matter how small, in the direction of controlling inflation.

Mr. EDWARDS of Alabama. Mr. Chairman, I rise in opposition to H.R. 17607 which proposes to suspend the investment credit and the allowance of accelerated depreciation for a period of about 16 months because of the inflationary situation in this country at this time.

First let me say that I agree that the Government must take some action to bring down the cost of living, the interest rates and all elements that go to bring about the inflationary spiral. It is my opinion, however, that the administration has spent too much time asking the housewife, the businessman, and labor to solve a problem which basically is the fault of the administration's fiscal policies. It is my opinion that H.R. 17607 is an attempt by the administration to avoid in part its own responsibility by shifting the burden to private industry, when, in fact, excessive Federal spending on domestic programs is at the root of the problem.

My purpose here today is first to record my opposition to H.R. 17607. Had we not been operating under a closed rule it would have been my secondary purpose, although in my opinion as equally important, to propose amendments to H.R. 17607 which would have had the effect of creating an exception in favor of those labor areas which have had a severe reduction in employment as a result of Federal action in closing military bases. My amendments would have excepted from the operation of H.R. 17607 "any standard metropolitan statistical area as defined by the Department of Commerce where there has been or will be a reduction of 10 percent or more of the total nonagricultural wage and salary employment due to the closure or impending closure of any Federal facility under the announcement of the Secretary of Defense dated November 19, 1964."

In the announcement of the Secretary of Defense many Federal facilities were ordered closed, most of which would not fall within the range provided for in my amendments. But some few areas have been extremely hard hit and should not be included in this legislation.

For example, and I use this example because I am more familiar with the situation in my own district, on November 19, 1964, Brookley Air Force Base in Mobile, Ala., was ordered phased out by July 1, 1969, by the Secretary of Defense. Brookley Air Force Base employed approximately 13,600 civilians and 1,400 military personnel and had a payroll of some $100 million. Brookley's total employment was approximately 17 percent of the total nonagricultural wage and salary employment within the standard metropolitan statistical area as defined by the Department of Commerce. This area actually covers Mobile and Baldwin Counties in Alabama.

Partly as a result of the closing of the base, Mobile has been left with some 2,000 vacant homes and the general economic situation is in great need of help at this time. In other words, we need jobs, and this means new investment in plants and equipment.

The leaders of Mobile and Baldwin Counties are involved in a massive search for new industry to fill the void which is being created by the base closure. It certainly seems to me that where an area finds itself in such condition as a result of Federal action, that area should be given the opportunity to help rebuild its economy by having available to it every assistance from the Federal Government, and I refer particularly to the assistance of the 7-percent investment credit and

the allowance for accelerated depreciation which H.R. 17607 seeks to suspend.

It is worthy of note that when the President requested business to slow down expansion earlier this year, cities such as Mobile, Ala., which had suffered economic reversal as a result of the base closure order issued by the Secretary of Defense in November 1964, were specifically excluded. In other words, even the President recognized that such areas needed and were entitled to all the help they could get.

Mr. Chairman, I urged the Committee on Ways and Means to give consideration to the amendments to allow these cities which are suffering as a result of direct Federal action to continue to pick themselves up by their own bookstraps and bring their respective economic conditions at least back to normal without the further hinderance which would be imposed on them by H.R. 17607. I was not successful and under the rule I am unable to present these amendments here today. But I did want to call them to the attention of the House to point out the great damage this bill can do in some areas. There are many other examples of inequities in the bill. One of these examples is the case of a foreign company willing and in the process of investing something in the neighborhood of $75 million in a county in my district in new plant and equipment. This is an area in great need of jobs. Here is an industry coming to this country depending on the 7-percent investment credit, which would mean about $3.5 million in tax credit, only to have at the last minute, this credit snatched away from them. The good people of this county worked for 8 years to land this good industry and the passage of this bill will have a terrible impact on them.

Mr. Chairman, I have no alternative. Until the Federal Government squarely faces up to the fact that excessive Government spending is at the root of the inflationary spiral, and does something about it, I am unwilling to blame or penalize private industry. Industry creates jobs, and jobs take people off the welfare rolls, and by reducing the number of people on welfare we can reduce Federal spending.

Therefore, Mr. Chairman, I shall vote against this bill.

Mr. FULTON of Tennessee. Mr. Chairman, I am pleased to rise in support of the pending bill, which is an integral part of the coordinated anti-inflationary program of the administration. The temporary suspension of the investment credit and certain forms of accelerated depreciation on buildings provided for in H.R. 17607 will, I am convinced, effectively serve to moderate the pace of the economy in those sectors where inflationary pressures are presently most pronounced.

Enactment of this measure will, among other things, slow the overheated pace of business investment spending. In doing so, it will lessen the currently heavy demand for loans to finance such spending, and will thereby encourage an increase in the flow of funds to other sectors of the economy, particularly to the home mortgage market. Consumers who purchase articles on the installment plan should also benefit from an increased availability of credit and from resultant lower interest rates.

Mr. Chairman, as a member of the Committee on Ways and Means, it was my privilege to support amendments in the committee which I believe have made H.R. 17607 a much better bill than when originally introduced. For instance, the bill originally provided for the commencement of the suspension period as September 1, 1966. The committee advanced this date to September 9, 1966, so that the measure would not have a retroactive effect. The committee also added rules, which have been discussed earlier, to make the bill's application operate more equitably and justly with respect to property on which construction was already begun, or which was under binding contract for acquisition, prior to the commencement of the suspension period.

Mr. Chairman, I was desirous that an amendment could have been added to this legislation which would have allowed the small businessman to continue to receive the 7-percent tax credit and the benefits of the accelerated depreciation allowance. Unfortunately, the committee was not inclined to open the door for such exemptions. However, Mr. Chairman, I am especially gratified that the committee adopted a provision which will be of particular benefit to small businessmen and farmers. This is the amendment, which I strongly supported in the committee, that provides that the suspension of the credit will not apply to a taxpayer's investment up to $15,000 during the suspension period.

Mr. Chairman, H.R. 17607 is a part of the coordinated and comprehensive anti-inflationary program of the administration, which is designed to alleviate the distortions produced by the current boom in business investment spending and the present severe monetary stringency. I supported the bill in the Committee on Ways and Means and shall vote for it today. I commend its enactment to my colleagues in the House.

Mr. PELLY. Mr. Chairman, I am frank to say that I do not favor supension of the 7-percent investment tax credit and likewise the suspension of the application of accelerated depreciation. I oppose this proposal not because I do not think it would cool the economy but rather because the cooling down would be too little and too late. By the time the effect of this legislation is felt and is effective in discouraging business plant expansion and machinery modernization, the country may well be needing some more business stimulation.

There is a solution to the inflation and the increasing cost of living. It is a very simple solution. It consists of reducing Federal outpouring of money for domestic, nondefense programs. But there is an election coming and after election Congress will be considering a tax increase because the administration is unwilling to curtail spending.

I have voted for foreign aid reduction and for elimination of Federal funds to subsidize rent payments of individuals and families. I voted against expansion of government such as by establishing a new Department of Housing and Urban Development. I have voted against expansion of the Economic Opportunity Agency, I voted against a new Federal Teacher Corps. I voted to eliminate or delay or stretch out expensive public projects and to reduce appropriations by billions of dollars. In fact, the National Associated Businessmen, Inc., gave me their "Watchdog of the Treasury" award for my 100-percent voting record for economy in this U.S. House of Representatives during the past 2 years.

Now I am asked to vote a tax increase on business made necessary by the failure of the Johnson administration to economize.

As I say, I do not favor this proposal. It is a poor expedient. It will not solve the problem and sterner measures, such as a reduction in Federal expenditures, are needed. In other words, the answer is to stop spending so much money the Government does not have for programs and projects no one needs.

No, Mr. Chairman, I cannot vote for this measure because it is not the right answer, any more than an income tax increase on individuals would be the right answer if and when it is considered after the November election.

Let Members of Congress who have been voting billions of increased appropriations vote for this one if it helps their consciences. As for me—no.

Mr. ULLMAN. Mr. Chairman, I am supporting this legislation today because I think it goes in the right direction, although I must candidly state that I do not think it goes far enough. My position as to the action which is needed has been clear for some time. On July 28 of this year, I introduced legislation which would have provided the type of fiscal policy action which I think is absolutely necessary.

Members of the House will recall that one of the bills which I introduced on that date, H.R. 16642, was denominated the "Defense Emergency Tax Act of 1966." This is a measure that not only would suspend the investment tax credit for a temporary period, but it would also impose, as well, a temporary 4-percent emergency tax on corporate income. In addition, it would place a 5-percent surcharge on that portion of corporate income which exceeds a 4-year average.

The other measure which I introduced on the same day would amend the Defense Production Act of 1950 to permit the President to impose broad installment credit restrictions on the economy.

Mr. Chairman, at the time that I introduced these measures some 2 months ago, I emphasized that we were witnessing and suffering under the highest interest rates in 35 years; the fastest 6-month cost-of-living rise since 1958; and a tight money situation of crippling proportions. I also pointed out that the artificial imbalance in the money markets was having a devastating effect on the housing industry, was making money

unavailable to farmers, small businessmen, and purchasers on the one hand—while channeling it into already overheated segments of the economy and fanning the fires of inflation, on the other.

I was convinced then and still am persuaded that a broad spectrum of action is essential to avert a serious financial crisis and a segmented recession of major proportions. It was for that reason that I introduced in July the package of proposals designed to aid in restoring balanced growth to the economy and particularly to bring relief in the homebuilding and lumber industries.

Mr. Chairman, the overall situation has not improved since July and, in fact, as has been borne out today, has steadily worsened. I am pleased, therefore, that at least the House is taking action with respect to the present bill, H.R. 17607. My support of the measure does not by any means indicate that I am entirely satisfied that the suspensions provided in the bill will be enough to eliminate or smooth out the distortions that have developed. Indeed, as Chairman MILLS said in his opening remarks, this may be only the first step in a long and many-faceted process of restoring balance in the economy.

By removing these tax incentives, the investment credit with respect to machinery and equipment and accelerated depreciation on buildings, the bill is designed to affect those sectors where inflationary pressures are strongest and have been most dramatically manifested. I believe that it may have some effect in diminishing the upward pressures of interest rates, thereby promoting an increased floor of credit into the home mortgage market and bringing some relief to the home building and lumber industries.

I, therefore, support the bill and recommend to my colleagues its enactment. By doing so, however, I wish to make crystal clear that I am not abandoning the other elements of the program I proposed in the legislation I introduced on July 28. I still believe that further anti-inflationary action will be necessary and am more convinced than ever that the overall program I have offered would be the best medicine for our economy at this time.

Mr. EDMONDSON. Mr. Chairman, I support this bill as a necessary step at this time, but with deep regret because of the impact it will have on many business concerns that have made plans in reliance upon the provisions we are suspending.

I appreciate the committee's recognition of the special problem of small business, with the $15,000 exemption in the bill, and only wish the figure could be higher.

In the belief that the House is overwhelmingly in favor of this bill, and also of H.R. 16076, dealing with water pollution control, I have asked to be paired in favor of both bills in order to fill long-standing commitments in Oklahoma.

Mr. ROSTENKOWSKI. Mr. Chairman, I have requested time in the discussion of this legislation to commend the Committee on Ways and Means for agreeing to include in H.R. 17607 the amendment to continue the 7-percent investment credit in the case of water pollution control facilities and air pollution control facilities. This is one of the most important provisions in the entire bill. This is a subject of great significance to my congressional district, my city, and my State.

I have spent a great deal of time and energy in trying to speed up measures to clean up Lake Michigan.

We want an end to pollution of this great water source. The U.S. Corps of Engineers has been one of the worst offenders. The dwindling supply of fresh water in this country should be a source of alarm to all of our citizens.

As I have said before, unless we step up action to preserve our streams, rivers, and fresh water lakes, we may soon reach the point of rationing drinking water in order to meet the normal needs of our growing population. Fresh water is absolutely necessary to our health and our growth as a nation. It is something we have always taken for granted. We must no longer take this vital natural resource for granted. Many are inclined to forget how absolutely vital fresh water is to all of us. It is not only necessary for our convenience; it is necessary for our very life. Unless we protect our rivers and our streams and our lakes from becoming polluted, we will not only lose these conveniences, we will also lose our health.

I have repeatedly urged the Corps of Engineers to cease dumping pollutants, sludge and dredgings in Lake Michigan, I recognize that it is necessary to dredge in order to continue our port development; it is not necessary, however, to dump this polluting material into our fresh water supply.

The provision in the bill will provide a continued encouragement to private industry to invest in capital facilities to abate pollution of both air and water.

We should do everything reasonable and proper to encourage to the utmost the cleaning up of pollution in our air, in our streams, and in our lakes. Incentives should be provided to encourage private industry to work in this direction; this amendment moves in precisely that direction.

As will be explained in more detail by the chairman of the committee, this amendment to H.R. 17607 provides that water pollution control facilities and air pollution control facilities are to continue to receive the 7-percent credit if they are used primarily to control either water or air pollution or contamination by removing, altering or disposing of wastes or of atmospheric pollutants or contaminants.

This, I repeat, is an exceedingly important provision in the legislation before the House. The House should overwhelmingly agree to this amendment which I have urged, supported, and sponsored.

Mr. BROYHILL of Virginia. Mr. Chairman, I rise in support of H.R. 17607. While I have some reservations about the proposal, I feel that it indicates the administration is finally realizing the seriousness of the severe inflation confronting our country.

For over 6 months now, it has been apparent that inflation is the Nation's No. 1 economic problem. During the first 7 months of this year, the wholesale price index rose at an annual rate of 3.8 percent, and the Consumer Price Index increased at an annual rate of 3.1 percent. The prime interest rate is currently at 6 percent, the highest level we have experienced in the last 35 years. Inflation compounds our most pressing economic and social problems—by impairing our ability to compete in the world market; by aggravating our balance-of-payments problems; by increasing the poverty of the indigent; by undermining our programs to provide our elderly citizens with security in their declining years; and by diminishing the purchasing power of all our citizens. Erosion of the dollar is inimical to our goal for sustained and healthy economic growth. Continued inflation will lead to severe economic dislocation and possibly a recession.

Eminent economists, irrespective of their political affiliations, have been chiding the administration for its inaction and lack of concern. While our citizens became increasingly concerned about the rising cost of food, shelter, and other basic commodities, the administration became less disposed to face the problem. The increasing need for firm leadership and clear vision was accompanied by an inability to decide and a tendency to ignore. Like the ostrich, the administration has put its head in the sand and refused to admit the problem exists.

Despite the web of fiscal deception spun by the administration in presenting its fiscal 1967 budget, it is now clear to everyone that the fiscal policies of this administration are one of the primary causes of the current inflation.

Although the administration submitted a budget proposing expenditures for fiscal year 1967 of $112.8 billion, this figure was illusory. The administration left it to the Congress to continue the school milk and school lunch programs that have meant so much to the health and welfare of our Nation's children through the years. The impacted area program, which is essential for sound educational programs in areas whose population is substantially increased by the Federal Government's operations, was also left to the Congress to continue.

In the administration's budget, actual expenditures were reduced through the participation "sales" gimmick. By proposing to pool the paper attributable to various Government loans and issue participating certificates, estimated expenditures were reduced by over $3 billion. The administration marketed one issue of these certificates at interest rates of nearly 6 percent. This only succeeded in aggravating a tight money market and sending interest rates to new highs.

Ironically enough, higher interest rates increase the cost incurred by the Government on the Federal debt. Further

expenditures were required for open market operations to relieve the distress being caused to the residential housing sector of our economy.

When the President's budget is shorn of its fiscal chicanery, the true level of projected expenditures is revealed as being around $118 billion. This figure is being increased daily by the Democrat majority in Congress. The President has stated that he intends to avoid spending these congressional "add ons" where he can, but the Budget Director, Mr. Schultze, told the Ways and Means Committee that some of these "add ons" will have to be spent. And, the largest addition of all will be the supplemental defense appropriation for South Vietnam. Congressman MAHON has informed the House that this supplemental request may be as high as $15 billion.

When all of these factors are accounted for, we are confronted with administrative budget expenditures for fiscal year 1967 that could approach $130 billion.

The latest revenue estimates project revenues of $116.2 billion for fiscal year 1967. Even with a sound program of expenditure control, the expenditures of the Federal Government during fiscal year 1967 will have a harmful expansionary effect on an economy already overheated.

This is why, Mr. Chairman, I want to emphasize that the suspension of the investment credit must be accompanied by sound measures of expenditure control.

If the expansionary impact of Federal spending is important in stimulating the economy to full capacity, it is equally important in attempting to moderate an overheated economy suffering from severe inflation. And, we cannot evaluate this expansionary impact on the proposed program of fiscal control without being provided with facts about the budget.

The President has expressed his intention to cut expenditures by $3 billion, and I certainly encourage him to do so. Despite this, the administration has been unable to provide us with any realistic and current estimates of total expenditures for fiscal year 1967. The Congress is considering a proposal designed to combat inflation and we have no useful information on one of the primary causes of the inflation—Federal Government expenditures. Although one-fourth of the current fiscal year has already elapsed, the administration, in its testimony before the Ways and Means Committee, adhered to the budget estimates developed in January—6 months before the fiscal year began and 9 months ago. We have had 9 months more fighting in Vietnam, and yet there have been no more recent expenditure projections made.

The President has been telling the country we can have both "guns and butter"—we can go full speed ahead with the Great Society at home while sustaining a major military effort abroad. And all this can be financed without a tax increase—other than the cruel and hidden tax of inflation. The administration is obviously playing politics by attempting to conceal the true state of the Nation's fiscal affairs. But the problems facing this country at home and abroad require that narrow partisan approaches be laid aside, and that the American people and their Representatives in the Congress be provided with an up-to-date status report.

While I feel that expenditure control is an indispensable part of a meaningful attack on inflation, I also feel that the seriousness of the situation requires the Congress to support the President's proposal to suspend the investment credit and the rules permitting accelerated depreciation on commercial real estate.

I realize that the impact of the suspension on our inflationary problems may be small and that it is more of a palliative than a cure. I also realize that a sustained and healthy growth in our productive capacity will diminish inflationary problems by increasing our productive capacity. Conversely, a growth in the capital goods sector that is too rapid may eventually result—when the inflationary bubble is pricked—in overcapacity with the resulting depressive economic effects that could result in a depression.

The rate of capital expenditures has been accelerating and is contributing to the present inflationary pressures. Expenditures for plant and equipment are projected at $60.8 billion this year, an increase of 17 percent over 1965. Unfilled orders for machinery and equipment have increased from nearly $4 billion since a year ago. The order backlog for metal cutting machine tools has increased the leadtime for delivery on these items from less than 7 months in July 1965, to over 10 months in July 1966. The labor supply in the capital goods sector of our economy is strained and prices for these goods have increased faster than those of other items. In view of these circumstances, I feel that the suspension of the investment credit—which is designed to increase capital expenditures—will have some impact on our inflationary problems.

I do have reservations about the administrative and accounting problems and some inequities that will be created by the proposal. There will be disputes over what constitutes a "binding contract" on orders prior to September 9 that are excluded from the suspension. Additionally, some taxpayers are able to defer expenditures easier than others. Even though a taxpayer may have made economic commitments that as a practical matter make planned expenditures nondeferable, they will be deprived of the credit if they do not have a binding contract.

The Committee on Ways and Means has attempted to relieve some of the inequities by various amendments. One of the most important exempts from the effect of the suspension the first $15,000 of expenditures for qualifying capital goods during the suspension period. This will help our farmers and our small businessmen, on whom the suspension would otherwise impose a severe hardship. The committee made other amendments that qualify equipment for the credit that is essential to the productive use of plant and equipment being acquired pursuant to a binding commitment.

The Ways and Means Committee met this morning and adopted the Republican amendment to exclude water and air pollution control facilities from the investment credit suspension. One of the Nation's greatest problems is water and air pollution. Pollution befouls the air that all our citizens breathe, and befouls one of our greatest natural assets, our inland waterways. This is of particular concern to me, as the Potomac River is one of the greatest natural assets in the Washington-Virginia area. The Potomac is one of the Nation's most beautiful rivers.

I wholeheartedly support the committee's action. The present tax incentive to control and prevent pollution of our atmosphere and water is small enough in relation to the immense problems we are confronted with. It certainly should not be repealed here. The Congress will soon consider a $2.45 billion direct aid program to attack water pollution. It would indeed be anomalous if we repealed the small incentive for individual self-help that is provided by the present law.

In conclusion, Mr. Chairman, let me again state that I feel expenditure control is an important part of this program. While I realize the investment credit suspension has some deficiencies—I do feel that it makes some attempt to come to grips with the problem of inflation. With interest rates at their highest level in 35 years, with the Consumer Price Index rising at an annual rate of 3.1 percent, and with this Nation engaged in a major conflict in southeast Asia, we can no longer afford to follow an uncharted course toward economic distress. I therefore support this proposal.

Mr. BRAY. Mr. Chairman, the bill before us to suspend the 7-percent tax investment credit may be needed, but if enacted will treat only a symptom and not the disease that now afflicts our economy.

The fact that this bill is here at all raises some major questions on the overall shape of the American economy. How did we come to be in the present situation and what should we do now?

We have reached a point where the warning lights ahead cast a bright amber glow of caution and call for some quick action. Tax changes may be necessary. The situation today is so unusual that no one can say whether, at this time, tinkering with the tax structure might not bring about dire results.

THE BILL BEFORE US, WITHOUT DRASTIC CUTS IN SPENDING, WILL ACCOMPLISH LITTLE

The purpose of taxation is generally to meet the needs of society. In the Great Society, however, taxation is used to "rig" and change our economic and financial structure. In 1964 the Great Society forced through a tax cut while the Government was operating at a deficit to stimulate our economy before election. I voted against that tax cut because the Government was operating at a deficit. Today it is becoming increasingly clear

that tinkering with the tax structure to bring temporary changes to our national economy is a dangerous action.

Practically any step we might take today in taxation is dangerous—but no step at all could be disastrous.

We do know for sure that if we do not slow down irresponsible Federal spending no tax juggling will succeed in putting our national economy on a sound basis.

The Government continuing to spend more money than it takes in can be compared to living in a fool's paradise. It is as futile to expect this legislation alone to cure our financial ills as it is to expect to put out a forest fire with a garden hose.

However, believing that something must be done to alleviate our worsening financial condition and with this being the only bill before us, I do intend to support it—but with grave doubts.

ADMINISTRATION BREAKING ITS WORD

The administration did originally promise the business community that the 7-percent investment credit would not be withdrawn or granted in order to influence business and economic conditions. This word has now been broken. What this will do cannot be measured.

It is no secret that the administration is now contemplating an increase in personal income taxes and the placing of price and wage controls on American business. Mr. Chairman, I want to assure you that I do intend to vigorously and bitterly oppose such actions when they come before us.

SUSPENSION OF TAX CREDIT PREFERABLE TO PERSONAL OR CORPORATE TAX INCREASES

On July 20, 1966, the distinguished economist, Dr. Arthur F. Burns, addressed a meeting of the House Republican conference. Dr. Burns is president of the National Bureau of Economic Research, professor of economics at Columbia University, and from 1953 to 1956 was Chairman of the President's Council of Economic Advisers. I can say, without qualification, that Dr. Burns' remarks were the best I have ever heard on economic matters.

I quote directly from his speech:

> Once powerful forces of inflation have been released, it is difficult to bring them under control without a sizable readjustment in economic activity. There are no easy answers to our current problems. There are several things, nonetheless, that—I believe—we should do with reasonable promptness.

Reduction in Federal spending was a prime theme in Dr. Burns' suggestions. He also felt that at that time—July 20—it was already too late to increase personal and corporate income taxes without the probability of triggering a recession.

He pointed out signs of the inflation from which we now suffer and which works a hardship on low-income families and especially those on fixed incomes such as pensions, interest, social security, and railroad retirement. He noted that the average American had $10 less purchasing power in June 1966, than he had in the first 3 months of 1966.

The overall cost-of-living increase in 1966 will be close to 4 percent and another 4-percent rise is predicted for 1967. In 6 months, food costs alone have gone up 2.5 percent. The 1933 dollar is now worth 40 cents; a 1940 dollar, 43 cents; the 1959 dollar, 88 cents.

Unless this trend is stopped, people now 40 years old will pay, at age 65, $2.19 for a dozen oranges, 72 cents for a head of lettuce, $3.10 a pound for round steak, and $5.92 a pound for lamb chops.

STOCK MARKET DECLINE OMINOUS SIGN

Despite the general inflationary rise, the stock market has been going down at an alarming rate. It decreased 14 percent during the period from July 8 to August 29. Overall stock values, to date, have dropped 23 percent and a hundred billion dollars has gone from the market value of stock investment and this decline is continuing.

INTEREST RATES OUT OF CONTROL

A few years ago, interest on short-term Treasury bills was around 2 percent. Today, Treasury bills are above 5¾ percent and in August a 1-year bill was auctioned at the equivalent of 6.2 percent, the highest on record. One-year Federal agency issues can be purchased at yields as high as 6¼ percent.

HIGH GOVERNMENTAL SPENDING PRIMARILY RESPONSIBLE FOR INCREASING INTEREST RATE

Careful study discloses that high governmental spending is the principal cause of this sharp interest rate rise. The Federal Government is legally prohibited from paying more than 4¼ percent interest on long-term bonds. But Government borrowing was so high that it could no longer float bond issues at this level. Rather than face facts and raise the interest ceiling, the Government borrowed money to pay its expenses and also to retire other issues as they became due by borrowing on short term, generally 180 days or a year.

With the Federal Government absorbing more and more of available money, it now owes $65 billion in short-term loans, all of which will become due within a year. The Government must, of necessity, soon transfer these short-term loans, together with long-term issues coming due, into long-term obligations. It is highly doubtful if this can be accomplished without a material increase in the interest rate.

The refinancing of such a large sum at this uncertain time could drastically reduce the supply of already insufficient capital. As long as the banks and savings and loan companies must compete with the Federal Government, amidst rising demands for money by the Federal Government, the resulting interest climb will greatly injure the economy.

The interest which the Federal Government pays on our national debt has increased from around $9 billion 4 years ago to an estimated near $13 billion for fiscal year 1967. This is 11 percent of the total Federal budget. Next to spending for national defense, public debt interest is the highest budget item.

BUILDING INDUSTRY IN A SLUMP

In July 1966, the number of private, nonfarm dwelling starts, long considered one of the prime barometers of our economy, had decreased 28 percent from July 1965. The money for housing simply is not available. In areas where there is no legal ceiling, interest rates have skyrocketed and where there is a ceiling, premiums, or "points," are charged, which amount to rates over the legal limits.

BALANCE-OF-PAYMENTS DEFICIT—LOSS OF GOLD RESERVES CRITICAL

Our spending abroad has led to an embarrassing situation which may be even more serious than our growing debt at home.

Because of our unfavorable balance of payments—caused by our spending more abroad than other countries spend here—our stock of gold fell $116 million in July—the largest outflow since May 1965—and our total gold supply today is down to $13.4 billion.

On December 31, 1952, we had gold reserves of $23 billion. Other free countries at that time held reserves of $13 billion. By December 31, 1965, our gold holdings were down to $13.7 billion, while the rest of the free world had $28.2 billion.

These gold losses to foreign countries come about when foreigners acquire more dollars than they return to the United States. Foreign governments and central banks may use their surplus dollars to buy gold from the Treasury at $35 an ounce.

Today, foreign countries hold short-term claims against our gold amounting to $30 billion—payable on demand. We certainly hope that this demand will not be made, because we only have a gold stock of $13 billion to meet it. We could not possibly pay; on paper, we are internationally bankrupt.

The effect of our failure to meet these demands cannot be determined, but it would surely do us great damage in the international financial community.

France has been the main purchaser of our gold. It is French policy to convert a minimum of $34 million of its surplus dollars, per month, into U.S. gold. France is openly attempting to injure the value of the American dollar.

France still owes us billions from World Wars I and II. To date, our Government has made no attempt to secure payments on this debt, in spite of demands from Members of Congress that some concrete steps be taken in the matter. In fact, our Government has extended to France, along with certain other countries, tariff schedules that are most unfair to U.S. industry, which is trying to compete in world markets.

France pays duty of only 8 percent on a French-made car shipped to this country. However, an American car going to France is charged 24 percent duty by the French. The French, therefore, have an easier time getting American dollars—which they in turn exchange for American gold.

"NEW ECONOMICS" FALLEN ON HARD TIMES

The main theme of the "new economics," adopted by the Government in 1961, was that it is good and painless to spend more and tax less, regardless of how large our budget deficit might be. It is interesting to note that the man who

was most closely associated with the "new economics," Dr. Walter Heller, has shown the other side of the coin and called for a reversal of policy.

Dr. Heller is a former Chairman of the Council of Economic Advisers. He was a close personal economic consultant to President Kennedy and, to a lesser extent, to President Johnson. Now back at the University of Minnesota, Dr. Heller has made what is termed a "sharply critical analysis" of the administration's efforts to curb inflation.

Our economy is powerful enough to afford both guns and butter—

He said—

but it does not follow that we can afford both guns and fat.

Fiscal policy—indeed, the "new economics"—will not be doing its job unless steps are taken to maintain a budget surplus in the face of inflationary pressures.

Despite this warning on Federal civilian spending from Dr. Heller, who certainly cannot be called a conservative, the administration is going ahead in its recommendations for new spending programs and additional appropriations for old ones.

NONDEFENSE SPENDING

Nondefense spending was $52 billion in the fiscal year that ended on June 30, 1966. It will rise to an estimated $55 billion for fiscal 1967; some sources think it will be even higher.

It is in nonessential, or, at the very least, deferrable spending, where the "fat" lies which Dr. Heller mentioned, and where cuts can and must be made. The administration has made gestures in this direction by talking rather vaguely about a $3 billion spending cut, but under prodding has been unable to give any definite indication of when and where the cuts will be made.

MANY FEDERAL PROGRAMS WORTH WHILE AT THEIR INCEPTION BECOME WORTHLESS BECAUSE OF WASTE, CORRUPTION, AND POOR ADMINISTRATION

We all too often lose sight of how programs grow and swell, far beyond their original intent, purpose, and expectation. They become shot through with extravagance, waste, poor administration, bungling, and corruption. Their expenses and appropriations skyrocket; the most innocent and well-intentioned beginning develops into a gargantuan, bloated, self-perpetuating colossus, feeding on the taxpayers' money and producing neither what its original intent called for nor what its proponents claimed.

We have spent ourselves into the financial mess we now struggle to escape. I wish to put special stress on the fiscal irresponsibility that has led to it all. But the question of "Why do we overspend?" must also be examined.

An attractive and seemingly sound, worthwhile idea for legislation to meet a certain problem is put forth. The proposal becomes a law. An appropriation is made, a new agency or department is created; in theory, the problem is solved and things are in hand. But are they?

We deal with a double evil here. First, there is the vice of spending. This is usually coated over with the gloss of "social good" or "human necessity" and, to some extent, consciences are eased.

But second, and in some ways more sinister than the first, is distortion of aim and intent of the original legislation. I do not mean correcting previous errors or improving the program. This is a valid part of the legislative process, and any legislative assembly that did not periodically review and update its work would be derelict in its duty.

SOCIALISTIC ATTEMPTS TO CHANGE WORLD ARE EXPENSIVE

I refer, rather, to "catchall" legislation, where a popular-sounding term is used as a cloak to cover up matters which should either be treated separately or even put into other categories. With this, the temptation next becomes great to use Federal programs as sociological experiments and unwisely attempt to shift entire social structures, ignoring or defying centuries of experience in human conduct and wishes.

In essence, then, spending has turned into the two-headed monster of living beyond our means and perversion of the original purpose.

HOUSING LEGISLATION GOOD EXAMPLE OF "CATCHALL" BILLS

The 1965 housing bill contained provisions affecting the following items: rent supplements; FHA loan programs for moderate- and low-income persons; pooling of mortgages for sale; housing for the elderly; housing for the handicapped; rehabilitation grants; reduction of interest rates on housing loan programs; extension of urban renewal programs; grants for construction of neighborhood facilities, such as health, recreational and community centers; grants for land acquisition and for parks and playgrounds; grants for urban beautification; new program of housing loans for rural areas; grants to low-income homeowners in urban renewal areas for home repair; a new program of matching grants to local public bodies for construction of basic public water and sewage facilities; increased authorization for college housing loans; extension of FHA home mortgage program for 4 years.

Some of these topics are highly questionable, such as grants for urban beautification. Some should be certainly considered separately, by themselves, such as urban renewal. This is a highly controversial and dubious program that should come under close, separate scrutiny and not be buried in a catchall piece of legislation.

POOR LEGISLATION ATTACHED TO GOOD TO OBTAIN VOTES

There is a point to this method, though. When such a bill comes before us, we are presented with the all-or-nothing theory of legislation. Even if the bill does have some provisions I question, or oppose, so goes this theory, I must vote for the bill regardless or I will see the programs I support be defeated. The good and the bad parts must be put into a balance and judged accordingly. If I feel the bad outweighs the good, then I must in all conscience vote against the entire bill, even though it means voting, indirectly, against programs I do favor. I do not, and never have, subscribed to this all-or-nothing approach.

RENT SUBSIDIES COSTLY AND DANGEROUS

The rent subsidy program received its first $12 million last May. The House had refused to appropriate money originally; it first failed in the Senate but then later survived by a one-vote margin in that body.

In what a national magazine described as "some arduous logrolling" the one vote was secured by the sudden interest the administration showed in a $10 million housing project for Eskimos, Aleuts, and Indians living in Alaska near the Arctic Circle. The Member of the other body whose vote provided the margin confessed that—

I am not proud of myself. It is not the kind of thing I normally do, but I could not seem to get the White House interested in my project.

This subsidy program would partly subsidize the rents of low-income families in privately built and privately owned nonprofit housing. In theory, it is aimed at the poor, but the truth is it will lead to securing a maximum of Federal control over the entire American residential pattern.

If followed to its logical conclusion, it will make the Federal Government the landlord for the entire middle class—over 40 percent of all American families. Yet, the Government's own census figures showed that over 90 percent of all families in the $4,000- to $8,000-per-year income group are adequately housed.

Both the President and the Secretary of the Department of Housing and Urban Development have openly stated that the program is ultimately aimed at middle-income housing and complete economic integration. When the President first spoke of the rent supplement program in 1965, he talked of it as a tool "to increase the supply of housing available to those of moderate incomes." When Secretary Weaver appeared before a House subcommittee that same year, he told them the program is a "program for middle-income families."

He has repeated that statement on different occasions. Income and asset limits for persons in certain areas can already be as high as $8,000 to $11,000 and still allow them to receive a rent subsidy.

We may expect to see the limits raised, the scope widened, coverage broadened and more money spent on a program that is truly the way of the socialistic state. The Government, under present appropriations and present authority, is now on its way to a 40-year, $6-billion program. But we only deceive ourselves if we think it will be limited to that amount. Helping pay rent for 40 percent of all American families will be uncounted billions, each year. Followed to its logical conclusion, the Government will own and control the American home.

CITIES AND URBAN PROBLEMS

In the last 10 years the Federal Government has spent $96 billion in direct aid to cities and States in 70 different programs administered by 15 different agencies.

The President has said his administration has done more for cities than any other. In terms of money spent this is

correct, but recent testimony before a Senate subcommittee showed spending is not the answer. In fact, as one newspaper put it, the Federal Government's approach to date has been "confused and even backward." The hearings showed that there is no agreement on what should be done, total lack of coordination on what is being done, and every indication that past programs and methods have had very little, if any, effect in meeting cities' problems.

FEDERAL GOVERNMENT DOES NOT KNOW HOW MUCH IT IS SPENDING

The mayor of New York said New York City alone needed $50 billion in Federal aid in the next 10 years; one Senator called this figure "totally unrealistic" and forced from the mayor the admission that he did not really know how much Federal money New York City already received. The figure of one-half billion to 1 billion per year was suggested. Another Senator estimated this at $861 million annually. It should be noted that, while New York City's present budget is $4.6 billion, it not only receives more Federal money but also spends twice as much on welfare programs as the 21 other largest cities in the country combined.

Secretary Weaver, of the Department of Housing and Urban Development, said the Government spends $28 billion a year in direct city programs. The next day, the Attorney General said it was $14 billion. A Senator accused both of having padded their figures, saying the Secretary's had included money for rural electrification and the Attorney General had included money for forest protection and the work of the halibut commission.

Secretary of Health, Education, and Welfare Gardner did state that it would be wrong to simply pour out more Federal money. He said:

> We should be particularly wary of the old American habit of spending a lot of money to still our anxieties.

He went on to say this sort of solution reminded him of an Indian rain dance:

> The dance didn't bring rain but it made the tribe feel a lot better.

Before we appropriate more, Congress must demand a thorough overhaul and revision of present methods. Unlike the Indian tribe, we cannot afford the luxury of the rain dance, since the showers would be more billions of dollars wasted.

PUBLIC HOUSING, URBAN RENEWAL, DEMONSTRATION CITIES

For urban renewal, Congress provided $675 million for 1966, $725 million for 1967, and $750 million for both 1968 and 1969. In addition, the administration's proposed "demonstration cities" program would run for 6 years at a total cost of, theoretically, $2.4 billion.

Expenditures for urban renewal lag after appropriations are made. The actual expenditures were $324 million in 1965 and are expected to be $413 million in 1967. At the present rate, they would reach $800 million in 1970 and counting the $400 million for "demonstration cities" for that year, if approved, the total would be $1.2 billion. This is assuming no further appropriations will be made and that the program will not be expanded before 1970, but this is a rather shaky assumption, as we all know.

Public housing programs were substantially increased in 1965 housing legislation. Annual public housing costs will rise from $230 million in 1965 to an estimated $272 million in 1967. We can look for an increase to $350 million, at least, by 1970.

Perhaps one of the greatest domestic issues is housing. The original housing bills, which I supported, allowed Federal guarantees of mortgages and this enabled private money to go more extensively into home construction. Housing legislation is always attractive on the surface; though, as we have seen, everything imaginable is tacked onto it.

I also supported early public housing legislation because it meant assistance to persons who simply could not find the resources to meet their housing needs. But, again, expansion of the restrictions have come to where in some areas persons with incomes around $10,000 per year are eligible for public housing. This was not the intent of Congress and is a distortion of the original program.

I supported the earlier housing bills that included urban renewal, for this program could have accomplished much good. However, in operation, urban renewal has sometimes been termed the "Federal bulldozer." This is an accurate description and a look at the record will show why.

In neighborhoods selected for urban renewal projects, not only has there been a failure to relocate residents in an effective manner but there has been no recognition of the damage done to small businesses, as well. From 1949 through September 1963, for instance, urban renewal displaced 177,000 families and 39,000 businesses. A relatively large number of those persons displaced, according to an impartial study, moved into substandard housing or did not manage to improve their overall housing status.

Over 35 percent of the small businesses displaced either liquidated or disappeared entirely.

There has been failure to provide housing in urban renewal neighborhoods that is in reach of the former residents. The costs have simply been too high. A much-praised development in Washington had the net result of pushing the former inhabitants into the ghettos of the city because they could not remotely afford the new high-rise, high-rent apartments and townhouses that replaced their original homes.

URBAN RENEWAL DESTROYS HOMES

From 1950 through 1960 about 126,000 housing units were destroyed in various urban renewal areas. One hundred and one thousand of these were classified as substandard. Twenty-five thousand were sound homes in good condition; some were excellent. A total of 28,000 housing units were built; the net result was four times as many were destroyed as constructed. Those destroyed were mainly low rent; those built were primarily high rent. What happened to the former occupants?

As of March 31, 1963, around 609,000 people were evicted from their homes and the estimate for the end of 1965 was 1 million. According to the Commissioner of the Urban Renewal Administration, around 4 million will be displaced by 1972. This is 1 out of every 50 persons in the United States.

The total Federal subsidy on urban renewal programs from 1949 through early 1966 is estimated at $4.7 billion. The proposed demonstration cities bill, calling for $2.3 billion over 6 years, will probably come closer to $10 billion and within a few years, if it continues as planned, will exceed $20 billion.

There is really no statutory limitation either on the powers conferred on the Federal Government by this bill, nor on the amount of money that could be spent. It is a bottomless pit.

The demonstration cities proposal means Federal controls on local action, imposition of blanket requirements which do not take into account differences in cities, wholesale subsidization, no limit on future monetary outlays, and money will go to a relative few cities at the expense of the many. This will also mean a further drain on tax resources available to States and cities to help them meet their own problems, as they best understand them.

EDUCATION

Since coming to Congress I have voted for 16 major education measures, including such bills as extension of the National Defense Education Act, in 1961; College Academic Facilities Act, 1962; Higher Education Facilities Act, 1963; Vocational Education Act, 1963; Higher Education Act of 1965; the Korean war GI bill and the cold war GI bill.

HAVE OPPOSED MEASURES THREATENING LOCAL AND STATE CONTROL

My reservations and opposition to other education measures that have come before the Congress have been based on two points: first, the bills did not contain provisions to insure equitable sharing of funds; Indiana was being shortchanged in the payments formula. Second, the bills did not contain adequate safeguards to prevent Federal usurpation of State and local educational authority. They would have meant a form of Federal control over education that would override the needs and preferences of individual State school boards as well as county and local organizations.

INDIANA RANKS HIGH AMONG OTHER STATES IN EDUCATION

Indiana was 11th in public school enrollment for the fall of 1966. Eighty-eight percent of all Indiana children, 5 to 17 years of age, were enrolled in school at that time. In this category, we ranked 15th.

For total public school enrollment, we ranked 25th. For cumulative public school enrollment, for 1965–66, Indiana was 18th, with 90.7 percent of its school-age population enrolled.

INDIANA "LOW MAN ON TOTEM POLE" FOR FEDERAL FUNDS

In 1964, counting all Federal aid payments of all types to the States, local units, and individuals, Indiana ranked 49th, with only $44 per capita coming into the State.

For 1965–66, we received only 5.7 percent of our revenue for public elementary and secondary schools from the Federal Government; we were 44th on that list.

In contrast, Indiana spends quite lavishly of its own revenue resources on education—much more than other States with larger populations and greater revenue sources. For 1963–64, State and local direct expenditures for public education took 48.7 percent of all direct general expenditures for all functions. Here, we stood second among all 50 States—something of which we may be quite proud.

PRESENT EDUCATION LEGISLATION THREATENS TO MOVE SCHOOL CONTROL TO WASHINGTON

Eventual control, by the Federal Government, of State and local education is not a myth but shockingly true. President Eisenhower's farewell address, in 1961, just 3 days before he left office, contained these prophetic words:

> The prospect of domination of the nation's scholars by Federal employment, project allocations and the power of money is ever present—and is gravely to be regarded.

Title IV of the 1964 Civil Rights Act specifically forbids granting of Federal funds to promote assignment of students to public schools to overcome "racial imbalance." However, the present Federal Commissioner of Education, Harold Howe II, believes that any sort of racial imbalance, no matter how it has come about, is intrinsically bad.

Howe has embarked upon a deliberate campaign to promote busing of pupils across school district and even State lines. He would establish mammoth "educational plazas" and use every means at his control to put these ideas into practice. To date, $730,000 has been spent toward this end and unless restrained, will soon reach the multibillion mark.

Now under discussion at high administration levels is a proposed $6 billion Equal Educational Opportunity Act of 1967. It has been called a "multi-billion-dollar attack on the neighborhood school." The Department of Health, Education, and Welfare has denied this plan has any official status.

The Secretary of HEW said the Department will not submit legislation that "would compel school busing or rezoning." A Washington newspaper said in comment:

> The key word . . . is "compel" . . . [the bill] would not compel busing or rezoning though it would provide a powerful incentive for some districts to do so. . . . the idea is that major breakthroughs in the big cities—including cooperation with the suburbs—can be brought about through massive injections of Federal aid.

This is exactly what President Eisenhower warned about in 1961: domination of education by the Federal Government, using its power of the purse strings.

In addition, guidelines are now being established in Federal educational agencies that would have the effect of taking from the individual teacher all of his or her initiative, judgment, and educational ability. All decisions, for all conceivable situations, would be handed down from Washington. Teachers would no longer have the authority to use their own skills and training to meet any individual situation that might arise.

NATIONAL TEACHERS CORPS

The National Teachers Corps is a pet Great Society project but it seems Congress is about to let it die. There is a nationwide shortage of teachers, and there is little sentiment for a project that would drain schools of badly needed teachers to form cadres of new teaching teams.

UNEQUAL DISTRIBUTION OF FEDERAL FUNDS

I have introduced and worked for passage of legislation that would turn back to each State the taxes on cigarettes collected from the citizens of that State by the Federal Government. This money would be earmarked for education and each State could then distribute it to the various school districts on a fair and equitable formula—something the Federal Government does not do. Under this legislation, Indiana would receive more than twice as much as we receive today. This money would have no Federal string to it except that it must be used for primary and secondary education.

I believe this solution would go a long way toward aiding education and at the same time keeping Federal strings out of local schools.

This legislation was bitterly opposed by the administration.

Consider, in conclusion, the distribution of Federal aid under the Elementary and Secondary Education Act of 1965. I opposed the bill because it was quite clear there were no guarantees of equitable distribution. What happened?

The 10 wealthiest counties in the United States, with a total of 36,186 children needing assistance, received over $10 million. The 10 poorest counties in the United States, with 48,202 children needing aid, received only $6.7 million.

WASTE IN VARIOUS PROJECTS

The Federal Government today is spending money in many fields through a variety of agencies for projects which, though often small in size, are not needed and certainly do not come under the responsibility of the Federal Government.

A recent example of this came to light when Congress stopped the Mohole project, an extensive project to drill into the core of the earth. When this project was first proposed, back in 1960, the estimated cost was $5 to $20 million. This year the Senate was told the cost to date was $127 million, and before it would be finished, estimates went to half a billion.

There was little if any attempt on the part of those running the project to justify or explain this increase in costs. All too frequently the attitude toward Congress was "We need more money; give it to us."

Another typical such project, small in cost but clearly outside the responsibility of Congress, came before us just a few days ago. San Antonio, Tex., was planning a fair that had something to do with the Alamo. They obtained the desired land by using $12 million in urban renewal funds and then came to Congress for $10 million more. Needless to say, almost all of the Republican Members voted against this gift, but the majority of Congress passed it just the same. There can be many pages documented of such actions.

WAR ON POVERTY

By July 1, 1966, $2.3 billion had been spent on the antipoverty campaign and the administration still sought $1.7 billion more. At present trends, the war on poverty will be at the $3.5 billion level by 1970; I would say, though, that this is conservative.

If $1.7 billion sounds like a lot, we should remember that as Federal spending goes this is a very small amount indeed. Ironically enough, the Office of Economic Opportunity, itself, put out a 414-page catalog of all Federal programs aimed at helping, to quote from the title "Individual and Community Improvement." This included operations dating far back to before the war on poverty and it is estimated that the total amount of funds annually under these many programs cost $21 billion. Total governmental spending for welfare, already, is set at around $40 to $50 billion and today the administration says that the poverty situation is still growing worse.

REPORT ON PROGRESS OF POVERTY PROGRAM SICKENING

The 68-page minority report from the House Committee on Education and Labor on the 1966 poverty bill is one of the most damning indictments of any program ever advanced by any administration in our Nation's history. This factual, detailed account of waste, extravagance, high salaries, political patronage, promises, and publicity quite accurately has its first section entitled "From Bad to Worse."

Let us look at a few specifics. I do not expect anyone in the Office of Economic Opportunity to work for nothing but some of these wage scales are ridiculous. There are 2,350 permanent employees in the Washington and regional OEO offices. Half will get over $10,000; 521 will get over $14,000; 54 will get over $19,000, 24 get over $25,000 and 6 will get between $26,000—which is the salary of the U.S. Commissioner of Education—and $30,000.

In the entire United States more than 1 in 50 of the OEO jobs receive more than $18,000 per year. The administration opposed the House in cutting the amount to receive $18,000 to one in a hundred.

Writing of the $70 million spent in 2 years in New York City, in both Federal and city funds, the Wall Street Journal said flatly that—

> New York's free-wheeling efforts to raise living standards for about 1.4 million ghetto dwellers has been a costly and dismal flop.

JOB CORPS

The Job Corps program has perhaps received the most opposition from the public, for its failures have been exposed for public view.

This is sad, for unquestionably we have serious problems in training the youth of America how to work and hold a job. This is so important. Many communities and schools are accomplishing what appear to be miracles in this field. But the theory under which the Job Corps

was organized doomed it to great difficulties if not certain failure. Publicity and not results appears to have been the principal design of the founders of the Job Corps.

Any teacher or army officer will tell you that you do not place all of your problem children and troublemakers together. All youths coming into the Job Corps have had trouble or problems of some type or they would not be there.

The proper use of our schools of America by placing this training under the direction and conduct of the school could have made the Job Corps into a really great institution.

WHERE DO WE GO FROM HERE?

I have attempted to point out in these remarks how spending disrupts not only the economic life of the Nation through inflation but also has an ominous tendency of extending the Federal Government into every corner of American existence.

No piece of legislation comes before the Congress—or any other legislative assembly anywhere in the world—that is all good or all bad. It is up to the elected representatives of the American people to carefully consider and weigh the good and bad elements in matters on which they must vote, and be guided accordingly.

America is still the strongest country on earth. We have the highest standard of living, the greatest freedom, and have assisted in the protection, feeding, clothing, and educating of most of the peoples of the world. Of this we should be very proud.

The fact that today we are faced with serious economic problems should not discourage us. Rather we should return to commonsense, frugality, and hard work. Any nation will have its ups and downs; we cannot always have "pie in the sky" and the most damaging and dangerous promise a government can make is to promise the people that by fast arithmetic, tinkering, and juggling of resources we can provide a Utopia.

It is the duty of the American people at the ballot box to reject such irresponsible government.

Mr. DENT. Mr. Chairman, I add the following questions and answers to the debate at this time from the hearings, to point out that some industries are disturbed over this tax incentive repealer:

Mr. DENT. While you are talking about injury and injury relief under the present act, the last escape clause determination to my knowledge under the old act was in the matter of cylinder and flat glass.

Mr. GOLDEN. I believe you are right, Mr. Chairman.

Mr. DENT. The President of the United States, the late President Kennedy, signed that relief order and increased the tariff to a higher tariff than what it was prior to the passage of the Smoot-Hawley Act some 32 years previous. From that time until this, from 1962 until 1966, the importers have succeeded in having the Tariff Commission put on the desk of the President at this moment an order removing that tariff increase and putting it back below what it was prior to the 1962 relief. Yet during these four years, according to testimony in here, there has been an increase in the imports of flat glass and they found that there was injury, but they said that the tariff was of no importance insofar as relieving the industry is concerned and its injury, so take it off altogether.

This is fantastic, illogical reasoning in my humble opinion.

Mr. GOLDEN. May I add something to that, Mr. Chairman? In certain watch movements you have the same situation. There were increases on the import and the rate of duty on certain watch movements. The increase in imports during the period that that has been in existence has been fantastic and also right now the President has on his desk, which he has not yet determined, whether or not to remove the increase in the rate of duty on certain watch movements and then throw it into the Kennedy Round for a fifty per cent reduction. It won't go into the Kennedy because it comes under one of those exceptions but that is the same situation as your flat glass.

Mr. DENT. I predict if we live long enough, and it won't be too long that we will have to live, that you won't see one single watch made in the United States of America. Not one.

Are there any other questions?

Mr. ANDREWS. This is a subject in which I have a deep interest. I would like to get your observations on some of the larger aspects of this thing or, rather, you might increase my knowledge.

This sort of thing invites the flight of capital abroad. How far has that gone in your industry?

Mr. HALL. I don't have all the information on it, sir. As far as I know, there are four plants who are buying merchandise in Japan.

Mr. ANDREWS. These are not importers?

Mr. HALL. These are manufacturers having part or all of their line manufactured in Japan. There may be more. I know of four.

Mr. ANDREWS. Isn't that the base of your opposition to any import duties? This sort of thing?

Mr. HALL. Yes.

Mr. ANDREWS. Would you not say that really this whole subject is a sort of an "under-the-table" foreign aid, not even recognized at all?

Mr. HALL. Yes.

Mr. ANDREWS. The State Department is requiring this sort of thing?

Mr. HALL. Yes.

Mr. ANDREWS. Would you say that this sort of problem invites the flight of capital to skip over the underdeveloped states of this nation on over to where the lures are far more attractive; Puerto Rico, for instance?

Mr. HALL. Yes, sir. One of the potteries is in Puerto Rico now.

Mr. ANDREWS. You mentioned a very, very vital factor in this whole discussion. You recognize it and I am very pleased. In the underdeveloped nations, the great superiority of American machine tool manufacture is going to deposit in the developed nation with the very low wage the very latest in machinery; particularly is this one of the factors in the tremendous rise in Germany. There was the brand new stuff going away, the efficient stuff.

Mr. Chairman, at this point the question of tax incentives enters into the discussion of import injury. Time alone will tell the the story. Let us hope it will not be the end of the story:

Mr. ANDREWS. An immediate advantage over the sale of this excellent machinery to compete with our labor, how would you reckon that with the very vital and important vote going on in this Congress tomorrow on doing away with the tax incentive, the tax rebate and quick machinery write-off, which is the basis of the replacement of our machinery, with the disposition to hold on to the old stuff rather than take this tax advantage. This is about to pass this House tomorrow.

Mr. HALL. That is right.

Mr. ANDREWS. Is this not going to further put us at a vital disadvantage when we have an open door policy on imports and they get the latest machinery?

Mr. HALL. Yes, sir, a definite disadvantage. It is just one more handicap which we have to overcome. It is the same thing with the minimum wage law. That won't affect wages paid in our plants at all.

Mr. ANDREWS. Indirectly it does, doesn't it?

Mr. HALL. It will affect our cost.

Mr. DENT. I think this is what this is all about. I am the father of that child and you are getting me in the position of wanting to disown paternity.

Mr. ANDREWS. I want to listen to the gentleman, too.

Mr. HALL. It will increase our cost because we buy clays, we buy some materials from areas in which they pay less than the $1.60 or $1.40 now. Therefore, those materials are going to have to increase. We are going to have to bear the burden. It will be once again an additional handicap in competing with a Japanese or foreign importer.

Mr. ANDREWS. In short, the minimum wage and its control stopping with the continental shores and there is no extension of the minimum wage to all the foreign competitors, the more you have an open door policy without any protection at all, the more disadvantage you are putting yourself to in every field by the thrust of the minimum wage upward.

Mr. HALL. That is right.

Mr. DENT. I might say in defense of the situation that if we had followed the philosophy of tying our wage level to the imported products wage level, this nation would still be having outhouses and kerosene lamps.

The fact that we set that aside and forged ahead and increased our standard or rather raised our standard of living by paying at the lower level of earnings a higher or at least a minimum wage has created this very market that we are now turning over to the importers. That is the danger, not the wage we are paying.

Mr. HALL. That is right.

Mr. ANDREWS. Mr. Chairman, I would not altogether agree with you. I came up in the days when Mr. Henry Ford made automobiles cheaper and cheaper and cheaper and the cheaper he made them, the more the distribution was to everybody and that applies to outhouses.

Mr. DENT. Henry Ford in a day long ago announced the first $5 day ever heard of in the civilized world and he was pretty near run out of the country by the other manufacturers. That was a great deal higher increase than any step up in the minimum wage in the history of this country. He proved if you gave the money to the workers they would buy the products. The trouble today, he is not buying the products made in America and that is becoming more and more evident as we hold these hearings.

Mr. GOLDEN. Mr. Chairman, may I give you the other side of that coin you just uncovered?

Mr. DENT. Yes, sir.

Mr. GOLDEN. The other side of that coin is the theory of the economist. Let that country which can best produce an article produce that article and sell it as cheaply as possible to the rest of the world. Under that theory at one time this country would be making automobiles or heavy machinery. Today we do not even fit there. We would be making atomic bombs and selling them as cheaply as possible to the rest of the world.

Mr. DENT. I might say I recommend to every member of Congress and everybody that can get ahold of it this piece of Japa-

nese propaganda called "How About the Consumer?"

Mr. FASCELL. Mr. Chairman, I strongly support the request of President Johnson for suspension of the investment tax credit and the allowance of accelerated depreciation through the end of 1967. Clearly it would be highly inconsistent for the U.S. Government by such measures as the 7-percent investment tax credit and accelerated depreciation to continue to stimulate investment by manufacturers and other businesses, and at the same time to try to dampen down the investment boom by permitting interest rates to rise to their highest level in decades.

The President's request of September 8 is therefore most timely, if not several months overdue. In a period of rising prices and of growing military expenditures required by the situation in Vietnam, it is no longer appropriate to encourage greater private investment, as it was when the investment tax credit was put into effect early in 1962.

At the same time, I wish in particular to commend the gentleman from Arkansas [Mr. MILLS] and his colleagues on the Ways and Means Committee for their prompt but careful consideration of the President's request and, in particular, the sound and constructive amendments made in the course of their deliberations. In every case, I believe, the committee basically gave the President and the administration what it requested and needed, but also it tailored the bill more carefully to meet the legitimate needs and interests of businessmen throughout the country.

The effective date of the bill was set for September 9, the day after the bill was originally introduced, instead of being made retroactive to September 1, as the administration bill had originally proposed. Further, businesses and individuals are permitted to continue claiming the 7-percent tax credit for investment up to a maximum credit of $1,050; that is, with respect to up to $15,000 of investments, thus easing where not eliminating the impact of the suspension on many small businesses and farmers.

The bill will also allow businesses that were well along in planning expansion projects to continue to claim the credit even though they had not ordered much of the necessary equipment before the suspension date of September 9. It is not necessary for me to elaborate here on the technical provisions to achieve this objective; the committee has done a good job to assure equitable treatment in this respect. The committee also still permits building owners in figuring depreciation to continue to use the 150-percent declining-balance system which permits larger tax deductions for depreciation in the early years of a building's life than are permitted under the straight line depreciation. The even faster write-offs permitted under the "double declining balance" system and the "sum of the years digits" technique would be suspended.

Finally the committee permited companies with credits unused in a single year to carry them forward as long as 7 years instead of 5.

By its actions, the Ways and Means Committee has, I believe, taken fair account of all reasonable doubts about the bill as it was originally drafted and has at the same time taken action which will slow down expansion by the large corporations who account for a major part of the demand for construction materials, labor and capital in today's economy. I am confident that this bill will have the approval of a substantial majority of the House and I sincerely hope that the Senate will act with as much dispatch.

Nearly every day that passes gives us new evidence of inflationary dangers in our economy. Studies undertaken by the Government Operations Committee's Subcommittee on Legal and Monetary Affairs, of which I am chairman, as well as the opinion of most of the Nation's economists, clearly shows that we cannot rely as exclusively as we have for the last 9 months on monetary policies to dampen the fires of inflation. This measure, H.R. 17607, is an important first step toward more determined use of fiscal policy.

Evidence already indicates that the fiscal measures recommended by President Johnson will have substantial effect in dampening the threat of inflation. The Washington Post, in an article on money markets by Peter S. Nagan, this morning pointed to several factors indicating that a downward turn in interest rates may finally have come. Such a downward trend would not occur unless market expectations had been changed as a result of the President's program to fight inflation.

I urge prompt and decisive approval of this bill as a necessary first step, but it is clear other steps may have to be taken. As they become necessary, I will support them. Furthermore, Mr. Chairman, we in Congress must continue to reduce appropriations and expenditures or at the very least stay within the President's budget figures. Thus far in this Congress, I have voted to cut the $3.35 billion of nonessential expenditures from the budget figures. However, I voted to increase vitally needed defense expenditures by $950 million.

It is, in my opinion, absolutely necessary to reduce other appropriations to be yet acted upon.

In addition, I strongly recommend that the Bureau of the Budget, with the explicit exception of defense and emergency funds, cut expenditures under previously approved appropriations.

In closing, Mr. Chairman, I urge the President to make his recommendations to the Congress on measures to preserve the health of the Nation's economy as soon as they become necessary. These other conditions having been met, I am prepared to vote for a tax increase if necessary to prosecute the conflict in Vietnam.

Mr. ROSENTHAL. Mr. Chairman, early this year, President Johnson in his economic report to the Congress, urged that both the Congress and the Executive should be prepared at all times "to meet quickly any problems that arise in the path of continued, stable economic growth, whether the problems call for fiscal stimulus or fiscal restraint."

In line with that warning, we are now called upon by the President to take speedy action to protect our prosperity, cool off the overheating of the economic machine that has brought this Nation an unprecedented period of genuine economic growth, high rates of growth in productivity, and, consequently, a high rate of growth in our standard of living. We are asked to act promptly to ward off inflation which could undo the achievements of the last two administrations.

Let us look at what it is that we are asked to protect. Today the strength of the American economy exceeds all records and all expectations. For 67 months—for a period of over 5½ years—the trend of our economy has been steadily upward. No nation has ever enjoyed such prosperity. We certainly do not want disastrous recession, neither do we want ruinous inflation.

Economic conditions, national goals and international problems are never static. We cannot stand still in the application of restraint or spurs to tax policies in order to solve our problems or achieve certain objectives. Nevertheless, I am very much disturbed by the recent price increases, and feel that they present a very serious problem—not only to the country, but to the individual citizen and consumer. I realize that maintaining price stability in a flourishing and growing economy is a most difficult task, but a solution must be found. That is why we are currently giving our serious and responsible consideration to the bill now before us—H.R. 17607, to temporarily suspend the 7-percent investment tax credit. This is a step forward in our efforts to curb inflationary pressures, and to promote price stability while at the same time protecting our prosperity.

The legislation now before us was the principal recommendation submitted to the Congress by the President in his anti-inflationary message of September 8. The enactment of this proposal, combined with the recent passage of the measure providing for lower interest rates on certificates of deposit, thus reducing the squeeze on the homebuilding industry, should be most helpful in placing the necessary damper on rising prices, while placing no restrictions on the Nation's expanding economy.

Over the past several months, the residents of my district, particularly those on fixed incomes, have voiced their tremendous concern over increased prices—especially in food and services. I wholeheartedly agree with them that the upward spiral of prices must be halted. This legislation will help, and I therefore urge my colleagues to demonstrate their desire for fiscal responsibility, and to support the bill before us.

Mr. MATHIAS. Mr. Chairman, I am opposed to H.R. 17607, to temporarily suspend the 7-percent investment credit.

My opposition to this bill is not based on any illusions that our economic situation is not serious. To the contrary, throughout the year I have warned that

the overheating of our economy can have, and is already having, severe effect on the value of the dollar and the purchasing power of every American family. The remarks which a number of citizens made to me yesterday, during a shopping tour and hearing in Baltimore County, made me even more aware that the American people are deeply concerned about the inflation, rising prices, high interest rates and tight money which confront us now.

Nor is my position today based on any sanguine sense that nothing need be done; that the present pressures will fade away as a matter of course. Rather, I have supported this year many steps to moderate these pressures and respond to current danger signs. Since January I have been urging both industry and labor to exercise self-restraint, and have encouraged the President to exert his influence in this direction impartially on all segments of the economy. I voted in March for the Tax Adjustment Act, which reimposed certain excise taxes and accelerated the collection of individual and corporate income taxes, steps which I supported reluctantly but with the conviction that they were in the public interest. More recently, I have applauded the steps taken, however belatedly, by the President to impose a ceiling on Federal employment, to restrict Federal lending and borrowing, and to stretch out expenditures, especially for public works. I hope, too, that the administration will fully implement the President's promise to reduce Federal spending this year by $3 billion, and look forward to seeing this overdue pruning reflected not only in spending in fiscal 1967, but in the fiscal 1968 budget as well.

Yet, despite the seriousness of our present problems, I am convinced that the step proposed in H.R. 17607 would be imprudent and unwise. This conclusion is grounded both on the substantive arguments of the case, and on the unfortunate precedents set by this administration's previous decisionmaking process in the areas of economic and tax policy.

Mr. Chairman, the case against suspension of the investment credit, presented persuasively by many business spokesmen and economists in recent hearings, was summarized earlier this year by a most eminent witness, Secretary of the Treasury Henry H. Fowler. Appearing before the Senate Finance Committee on February 25, Secretary Fowler observed that the objective of the investment credit, enacted in 1962, was to promote long-range increases in productivity by encouraging industrial expansion and modernization. He then offered the following arguments against suspension of this incentive:

1. Suspension would not be effective as a short-term restraint because its impact would be delayed, perhaps as much as a year, due to the need to exempt investments made or contracted for prior to enactment of the suspension.

2. Suspension of the credit would inflict hardships on businesses which have already spent considerable "in-house" leadtime and investment on prospective projects not actually contracted for. An example would be a corporation which had not yet contracted to build a new facility, but had invested perhaps two years in planning and design.

3. Small plants and businesses, whose expansion generally requires less leadtime than that of larger industries, would be hurt most rapidly and probably hardest by suspension.

4. Suspension could cause many businesses to suspend modernization and revert to old, uneconomic practices of repairing antiquated equipment and "making do" with outmoded facilities.

5. Suspension would unbalance industrial production by curtailing most rapidly investments in equipment which has a short leadtime between order and delivery, and which has a relatively short useful life.

6. Suspension would create imbalance in the 1966 and 1967 revenue programs, and would work against the intent of the Tax Adjustment Act by reducing industrial growth and thus reducing the corporate taxes whose collection the Act would accelerate.

In addition to these arguments made by the Secretary last spring, other responsible witnesses have told various committees that suspension of the credit, by discouraging modernization of American industry, would make our products less competitive in world markets and thus could affect the balance of payments adversely in two ways—first, by reducing exports; and second, by lessening the incentive for American investment to remain in this country.

Finally, Mr. Chairman, many have suggested that available evidence already indicates deflationary trends in 1967, and that suspension of the credit, having its full impact in 1967, could dampen investment demand enough to throw the economy into reverse.

Mr. Chairman, I am opposed to H.R. 17607 on the merits of the case, which I have summarized and which the gentleman from Missouri [Mr. CURTIS] has set forth today in masterful detail. I am also opposed to this measure because such a step is inconsistent with any sound process of economic decisionmaking.

The tax credit was inaugurated in 1962 as an instrument of long-term industrial progress. As Secretary of the Treasury Douglas Dillon testified at that time:

The credit will stimulate investment in modernization and expansion of our industrial capacity, strengthen our whole economy, contribute to economic growth, and substantially increase the competitiveness of American products in markets at home and abroad.

Clearly these are all long-range goals, incapable of achievement in any 4-year period. Our experience since enactment of the Revenue Act of 1962 has shown that the investment credit is a valuable stimulus, and also that we have not yet reached the goals which Secretary Dillon summarized. Experience has shown, too, that solid progress has a long leadtime, and that sustained growth, in our economy as in any other field, is not served by policy flip-flops, especially when they erode the good will and confidence of any major economic group.

On September 12, Secretary Fowler told the House Ways and Means Committee:

I would be opposed to treating the investment credit as one of many countercyclical devices to be suspended and restored with the normal ups and downs in our economy.

His assurance echoed the similar statements made in 1962. Yet his recommendation to suspend the credit now sets a strong precedent for just that treatment of this tool. If H.R. 17607 is enacted, we will have broken faith with the business community and will have taken a long step toward placing suspension of the credit in the same category in which the present administration has already placed excise taxes and the interest equalization tax: the category of off-again, on-again, but mostly on-again, restrictions on our economic growth.

Like many of my colleagues, I am troubled by the decisionmaking process symptomized by Secretary Fowler's reversal of position on this question. First, the administration has too often recommended steps which its spokesmen had opposed a few short months before. Second, these steps have been justified too often by "unique" conditions which "could not have been foreseen," even when both the conditions and their consequences have been the subject of public comment and debate for many months. Third, policy reversals have been advocated too often without sufficient administration comment on their probable effects, and without sufficient factual information—in this case, for example, the size of the forthcoming supplemental defense appropriation request—to permit the Congress to judge the case intelligently.

Mr. Chairman, on the basis of the information and arguments available, it appears to me that suspension of the investment credit would not produce any short-term gains, and would jeopardize our long-term progress. Thus, rather than acting imprudently in response to a sudden administration policy reversal, the Congress should reject this proposition and insist upon a far greater measure of governmental prudence and perspective now.

Mr. LEGGETT. Mr. Chairman, when the debate closes today I plan to vote against excepting any industries from the provisions of the subject legislation 7-percent investment tax suspension. However, I also plan to vote against the bill. I am concerned, as is the President, with the breakaway speed of our present economy. It is a matter of no little concern that prices have escalated generally in the first 8 months this year 2.8 percent, which is equal to the escalation which would normally take place in a 3-year period. However, I think it should be noted that the primary escalation has taken place in the food and service industry, which industries have escalated better than 4 percent over the past year as compared to the durable goods industry where the price index has maintained a normal curve.

We have been concerned during the first half of this year with breakaway interest rates. With the enaction, however, of H.R. 14026, a measure to stem competition for funds between savings and loans and banks and the pumping of $3.75 billion into the Federal National Mortgage Association, I think the Congress and the administration are hitting

hard on interest rates. In California over the past year, we have received a net migration of better than 325,000 persons from all of the States and foreign countries and we have created in that State better than 310,000 jobs. Jobs were created by plant expansion, aircraft contracts, oil and chemical plant expansion, and fantastic growth has taken place in the ground transportation industry. One area of substantial depression in the State of California, however, has been housing, apartment, and homebuilding industry. Better than 50,000 building tradesmen were unemployed in California early this year and many real estate brokers are on the verge of catastrophe.

All year long we have worked to beef up our economy, and urban renewal and demonstration cities programs are scheduled in a few weeks for debate in the Congress to expand construction of housing units in cities. Yesterday we passed on the floor the Economic Opportunity Act of 1966 and included thereto a provision for a Small Business Administration lending program to stimulate new building construction. We have recently funded new funds to the Small Business Administration to accomplish this same purpose.

We have recently also funded the Farmers Home Administration, the Economic Development Administration, and the Housing and Urban Development Act of 1965 in an effort to provide services and facilities and loans to beef up the business economy. Our efforts now under this legislation would be to go in the opposite direction and in an effort to curtail competition for business investment capital, we would also curtail jobs. I submit that the pending measure is the antithesis of the business development programs which have worked so successfully for the Democratic administration over the past 6 years. Our philosophy has been in the past, "What is good for business is good for the Democratic Party," and vice versa. Certainly the economy must be cooled down, but I would think that it should be cooled down almost exclusively in the area of Government spending and by providing general tax-increase legislation. It is possible that the effect of the pending legislation will interrupt the normal flow of capital and business cycle of a number of businesses and may have the effect of even increased business borrowing. Surely this would be aggravated were banks to follow the lead of the administration and adopt an antibusiness investment philosophy.

The curtailment of demand in the airline and building industries in California resulting from this legislation, I submit, will have a catastrophic effect on the status of our economy. The gross national product, for many years in indicia of the progress of our economy, expanding $28 billion during the first half of this year and better than $332 billion during the course of the present administration, probably will ebb because of the actions taken here today. Foreign exports and the balance of trade will be affected and surely also our unemployment index will escalate in response thereto.

Mr. VIVIAN. Mr. Chairman, I rise in support of the amendment which will be offered by the committee to maintain the investment credit for pollution abatement installations.

As many Members know, my district, the Second District of Michigan, borders Lake Erie—the most polluted of the Great Lakes. This once clean and healthful body of water in years past supported a busy commercial fishing industry. Now, that industry is virtually gone. It once had delightful beaches along its shores. But, today, those beaches are dirty and nearly deserted.

The literature of our Nation honors the past beauty of Michigan's innumerable lakes and streams. But the deplorable condition of many of these waters of our great State presently belies our State slogan: Water Winter Wonderland. But pollution is not solely a concern of Michigan, for each of our States is encountering numerous and diverse problems arising from polluted waters. Recently, the Science, Research and Development Subcommittee, of which I am a member, of the House Science and Astronautics Committee, held extensive hearings on the technology of pollution control, under the chairmanship of the most able gentleman from Connecticut [Mr. DADDARIO]. We learned a great deal about the present state of air, water, and solids pollution control. But more—the testimony presented to us demonstrated clearly that our national efforts to control pollution are simply inadequate to the task.

But there is much evidence that attitudes throughout the Nation are changing; that communities and industry will assume much greater responsibility for reducing wastes, given even a moderate push. And surely, above all, now is not the time to decrease our efforts to control pollution in these United States.

A month ago, when those of us here first heard of an impending administration move to temporarily suspend the investment credit tax incentive law, in order to slow increasing inflation, I asked the chairman of the committe handling this legislation to consider excluding all investments for air and water pollution abatement installations from the provisions of the bill before us today.

Several days later, during hearings in which I participated, on the pollution of Lake Erie, held by the Natural Resources Subcommittee of the House Government Operations Committee, chaired by the gentleman from Alabama [Mr. JONES], on September 9 in Toledo, Ohio, I asked public support for this move. Soon after, I wrote every Member of both bodies of this Congress asking each to support the exemption of pollution abatement investments. The gentleman from Michigan [Mr. DINGELL], the gentlemen from Minnesota [Mr. BLATNIK], and the gentleman from Ohio [Mr. VANIK], have very actively and very ably taken leadership in this effort. I believe their hard work will be rewarded today.

Mr. Chairman, I concur with views advocated by the President and his economic advisers that the temporary suspension of the tax credit proposed in the bill before us will ease the serious inflationary pressures affecting our economy today. But our national goal of a clean environment is not a short-term goal. And the amount of funds affected by the proposed committee amendment will have little influence on the present inflation. By adopting the committee amendment, the Congress will show that it intends to maintain a high priority for this long-term problem of pollution control. That priority must be maintained. I urge the Members to support the committee amendment to H.R. 17607.

Mr. Chairman, under unanimous consent I include the letter on this subject which I sent on September 8 to the chairman of the committee at this point in the RECORD:

SEPTEMBER 8, 1966.

Hon. WILBUR D. MILLS,
Chairman, Ways and Means Committee, U.S. House of Representatives, Washington, D.C.

MY DEAR MR. CHAIRMAN: As you are well aware, influential members of the Congress and of the Administration are proposing that legislation be considered and adopted as soon as possible to effect a temporary reduction or suspension of the Investment Credit provision of the Federal corporate income tax laws, in order to reduce the inflationary pressures presently besetting our economy.

In the event that the Committee does act on this subject, Mr. Chairman, I should like to urge that the Committee seriously consider maintaining the Investment Credit provision for one single category of investment: Installation of pollution abatement equipment. The present environmental pollution situation is sufficiently serious nationwide that, in my opinion, no step ought to be taken which would in any way discourage installation of needed pollution abatement facilities.

I am aware that the Committee's espousal of any exemption naturally will invite attempts to bring about other exemptions. But I believe that the merit of the case for encouragement of installation of pollution control equipment is so strong that this exemption could well be upheld although no other exemptions were allowed.

I should be pleased to have the opportunity to discuss the subject with you, or with the Committee, should the opportunity arise.

Respectfully,

WESTON E. VIVIAN,
Member of Congress.

Mr. LOVE. Mr. Chairman, I join with my colleague and friend, the gentleman from Ohio [Mr. VANIK], in supporting the bill to temporarily suspend the 7-percent investment credit. I do so because I believe the need for this credit no longer exists.

The credit was originally given to stimulate the economy, but in a tight money situation there is no need for an investment incentive and I hope this bill will help avoid the possibility of raising taxes.

I urge the committee to consider, however, the amendment to allow continuation of the investment credit as it applies to the installment of water and air pollution facilities.

This allowance to encourage control of water and air pollution by industry was the subject of a bill I introduced in the House, H.R. 17943, which I cosponsored with Mr. VANIK.

I wish to associate myself with the remarks of the gentleman from Ohio [Mr. VANIK], with respect to this amendment.

Earlier in the session, I introduced another bill providing a 20-percent tax credit to businesses for installing air or water pollution control facilities. While I feel that the 20 percent figure might be too much for the economy to support at this time, I feel that the 7-percent allowance should not be discontinued. We can no longer afford the loss to the economy of natural resources through pollution. Whatever we can, within reason, do, we should do to see that pollution ends.

The phrase "here today, gone tomorrow" has never been truer than when applied to our natural resources.

I also urge that consideration be given to small businesses which will suffer most through suspension of the tax credit. The current limitations of the money market virtually require that minimum capital requirements be provided out of current income to which the investment tax credit is almost indispensable.

Mr. DORN. Mr. Chairman, the investment tax credit is responsible for the creation of countless thousands of jobs. Investment tax credit ushered in an era of industrial expansion and new industry unparalleled in the history of our country. Just a few short years ago we were plagued with unemployment and curtailed workweeks.

The investment tax credit has been very helpful to the South. Industrial expansion and per capita income is now increasing in the South faster than the national average. Repeal of the investment tax credit will curtail industrial expansion and industrial growth in the South. Rather than place a ban on the tax plan that has worked economic wonders in the few short years of its existence, we should go to the source of inflation—extravagant and wild Federal spending.

In addition to reducing Government spending the administration can overcome current budget deficits by setting a termination date for the foreign aid program which has already cost the U.S. taxpayer more than $100 billion.

We should attack inflation at its source—an extravagant, empire-building Federal bureaucracy. A small cutback in Government spending would save much more money than this elimination of investment tax credit. I firmly believe, Mr. Chairman, that should we eliminate investment tax credit, this will contribute further to inflation rather than curb inflation. Investment credit is a true and proven method to create jobs and raise Federal revenue by encouraging new and expanding production facilities. We must reject this legislation which may seem politically expedient to some, but in truth threatens the production centers of the Nation and the welfare and stability of business and the well-being of employees.

Mr. BELL. Mr. Chairman, H.R. 17607 proposes a very critical adjustment to our economic policy. I am not certain the full implications of its effect are appreciated by its advocates.

That we are faced with economic inflation is unquestionable. That the suspension of the investment tax credit is the end-all solution is not at all certain. In fact, the testimony of a number of administration witnesses before the House Ways and Means Committee and the Senate Finance Committee throw great doubt on the timeliness and effectiveness of such action.

The Secretary of the Treasury stated:

> Tinkering with the investment credit . . . would create uncertainties and would impair its long-range effectiveness.

Further he stated:

> Its impact might come in late 1967 or 1968 in view of the long term nature of corporate expenditure planning. In this event, the effect might come just at the wrong time.

We are asked to make a major alteration in our tax policy and we are not at all certain it will remedy the ill.

In recent weeks there have been obvious indications that a reevaluation of our tax program will be undertaken in the near future. In fact, we may very well find ourselves back here after the election with this task.

Mr. Chairman, it seems most unwise in view of this likelihood to make a change now in only one part of our tax mechanism when we are likely to be called upon to review the rest of our tax program at a later date.

The uncertainties created in industry by this piecemeal approach cannot be overlooked. It is my feeling that this package should only be considered when all of the anti-inflationary tools are before us for evaluation.

Mr. Chairman, I commend to the House Members a speech delivered in the Senate by the distinguished senior Senator from California, Senator KUCHEL. He not only points to the serious questions raised by the suspension of the investment tax credit, but he clearly describes the critical economic repercussions this bill could have on the already economically plagued California industry.

The speech follows:

THE SUSPENSION OF THE INVESTMENT TAX CREDIT—INFLATIONARY TOOL OR EXPEDIENT?

Mr. KUCHEL. Mr. President, for many months the economy of this Nation has been afflicted by the virulent scourge of inflation. It has upset our financial markets; it has all but destroyed the longstanding blessing of low interest rates for investment; it has cut deeply into the budget of the American housewife; it has paralyzed home construction and financing.

The superimposing of the costs of the Vietnam war on the high level spending programs of the Great Society has produced a growing imbalance in the economy. Sustained price increases in food, services, and industrial products threaten the delicate structure of our economic stability. For millions of people dependent on a fixed income from social security, pensions and past savings, the figure of inflation casts an especially foreboding shadow.

Nowhere in this Nation has the effect been more painful than in the Western States. Far from the concentration of capital in the financial centers of the east coast, investors on the Pacific Coast States have been accustomed to paying more both for capital and for industrial products. In my own State of California, prospective home buyers in the past year have been paying excessively high interest rates on home mortgages. The twin plagues of higher consumer costs and higher investment costs have already crippled the home construction, and savings and loan industries, in California, and they are expected to work more mischief before their course is run.

When the economy is unable to accommodate a rapid increase in spending, steps must be taken to reduce inflationary pressures without threatening the health or strength of the economy itself. On September 8, 1966, the President finally offered his program for preserving the economic stability of the Nation. Among the steps recommended were two which will require the approval of the Congress. H.R. 17607 provides for a 16-month suspension of the 7-percent investment tax credit for new business investment in equipment, and a similar suspension for the accelerated depreciation of buildings. Since the introduction of these proposals before the Congress, a great deal of controversy has arisen over the potential effectiveness of these suspensions, and, in particular, the curtailment of the investment tax credit. The Treasury frankly concedes that there will be severe hardships and inequities for many taxpayers, but it alleges that as large as these inequities loom, they should be ignored.

Leading economists agree that the use of any tax as a contracyclical tool should include the following: First, it must be promptly effective and its economic results consistent with desired effects; second, it must be equitable; and, third, it must not create uncertainty in business planning, investment, and output.

Mr. President, it seems to me that the suspension of the investment tax credit fails on all three grounds.

The Treasury estimates the current overall average of order-to-completion time—commonly referred to as leadtime—for credit eligible equipment to be in the range of 9 to 12 months. In some cases, as in the airline industry, the period may be as long as 2 years. The tax credit suspension would serve no good purpose in such industries. It would be a very bad result. It would result in a delayed effect on restraining equipment production and investment expenditures. The desired economic impact would not occur for at least 9 to 12 months and perhaps longer, at a time when the business cycle may no longer require such restraints. The consequences could be tragic; they could well mean the difference between a recession and a depression. Industries operating at high gear would suddenly slam to a halt.

The present inflation has had particularly drastic effects on the economy of my State. The proposed curtailment of the investment tax credit would compound that hardship, by foreclosing on the growth potential of the peacetime production of many important manufacturers, in particular, the air transport industry. As every Member of this Chamber knows, we are on the brink of an immense breakthrough in this age of supersonic flight. The longstanding supremacy of the United States has been challenged by foreign nations, including the Soviet Union.

Mr. President, modern industry produces no other item for public use that is more costly, that requires more careful thought in planning and construction than the commercial transport plane. The air transport industry must be able to plan several years ahead if it is to maintain its productive capacity at an economic level. The maintenance of this capability is vital, not only to California, but to the entire Nation. Donald W. Douglas, Jr., president of the Douglas Aircraft Co., forecasts, accurately, I believe, the adverse effects of enacting the suspension bill:

"The action proposed to deal with a curious problem can be expected to substantially reduce orders during the suspension period and have a very unfavorable effect on a quite

different economic situation in 1968 or 1969. This would have disastrous results in the form of dislocations to airline reequipment plans and to orderly production of commercial aircraft, resulting in not only a costly and inefficient lull in aircraft manufacture but also substantial layoffs and severe cutbacks which would hamper domestic production of aircraft. This dislocation and its effect on production costs could be expected to give foreign manufacturers a competitive advantage with adverse effect on our balance of payments position since aircraft provide a substantial share of our exports."

Mr. President, that is the comment of a distinguished leader in the aircraft industry. His words should be heeded by all Senators.

In a word, Mr. President, the proposed legislation will result in the kind of large-scale unemployment and production cutbacks that mean economic disaster for States highly dependent on such large industries. In my own State, there are over 500,000 people dependent on the aerospace and airline industries for their income. Are their jobs to be sacrificed in 1968 for the problems of 1966? It is a sad commentary on the policies of this administration when possible future unemployment must be used as a club to control present spending.

The equitable application of the suspension clearly leaves much to be desired. The President contended:

"The suspension should be across the board, without exception, applying effectively and equitably to all investing industries. No special treatment or special exclusions should be made for this brief period of suspension."

But how can it be applied equitably when its results are inherently so inequitable? The clear discrimination against the long leadtime manufacturers is only one example.

What of the industries involved in equipment essential to the national security or welfare? The highly complex and specialized nature of products needed to meet national security demands the continuous modernization of our plants as well as the constant design, fabrication and installation of new tools and equipment. We are only now beginning to reduce the tremendous boxcar shortage that exists throughout the country. Are all these national needs to be sacrificed for the sake of equality?

What of the industries which have contracts, prior to the proposed suspension date, with options to purchase? The buyer in these contracts, of course, relied on the availability of the investment credit in parting with the consideration for the option. Should he now be made to choose between letting the option lapse, forfeiting the consideration therefor or exercising it without receiving the anticipated investment credit?

The uncertainties and hazards of the above consequences are only emphasized by the words of President Johnson himself when he stated:

"The suspension could well be looked at again in January of 1968. We have no arbitrary position in the matter."

Is this then the basis upon which businessmen must plan their future investments?

Mr. President, there is little question but that action must be taken to control this Nation's overheated economy. But such action should not be a political expedient to avoid increasing taxes in an election year, nor should it attempt to use a device which was intended to be a permanent part of our tax structure. The tax credit is not nor was it intended to be an economic spigot to be turned off and on as a selective tax device of fiscal policy. Its effects are not prompt, its application is not equitable, and its consequences are not certain.

Should the administration persist with this questionable solution, the Congress must give serious consideration to exemptions for long lead-time industries, for option contracts and for industries involved in the Nation's defense needs. To do otherwise would be to threaten the very economic stability these proposals seek to achieve.

Mr. President, I yield the floor.

Mr. CALLAN. Mr. Chairman, I and my colleagues from Midwest States, where critical boxcar shortages are a continuing occurrence, were hopeful that an exemption could be included in this legislation for boxcar construction.

Under the circumstances, however, it appears that an exemption for this purpose would be unwarranted because other industries could make equally sound arguments in behalf of exemptions. Sound as these arguments are and well taken as the points of contention might be, it is yet obvious that were all reasonable exemption requests to be granted, the effect of this legislation would be minimized.

However, I wish to point out to my colleagues that the critical boxcar shortages in the Midwest States are a nagging problem that this body, the railroad industry, and Government must take action on.

The present situation is so critical that it appears that legislation passed previously is not enough to correct the situation and that railroad exclusion orders from the Interstate Commerce Commission would be inadequate. There are just not enough boxcars. The daily shortage of boxcars ranges from 3,500 to 4,000, not only in Nebraska and not only for grain shippers, but throughout the Nation and for all shippers. This is a mighty wide gap between supply and demand. The gap can be expected to widen further as bumper harvests of corn, sorghum, and soybeans are brought to elevators and shipping points in the next week to 10 days.

The movement of grains is one of the most significant elements of the Nebraska economy. The existing shortages of boxcars severely curtail that movement and cause undue economic hardship. These shortages have also contributed to the inflationary problems within the grain and lumber industries.

I and several of my Midwest colleagues are working on several ideas which we believe might help solve this problem. We may need a separate tax measure or a separate program to build and lease boxcars.

Mr. CHAMBERLAIN. Mr. Chairman, the bill before us today, H.R. 17607, contains proposals which were noticeably absent in the President's state of the Union message in January. At that time we were told "We must increase our vigilance against inflation." However, the administration's policies have been an obvious failure as witnessed by the appearance of these new proposals.

Unfortunately, this bill offers little hope of a genuine remedy to the rising cost of living. As James Reston put it in the New York Times on September 10, the President "has constructed a program that will have minimal economic and maximum political effects before the election." Mr. Reston goes on to characterize this as but another example of the administration's standard operating procedure of dealing with the politics of the Nation's problems instead of the problems themselves.

The ineffectiveness of the temporary suspension of the 7-percent investment tax credit, as an anti-inflationary measure, as the minority views in the report on this bill point out, have been tellingly enumerated in the statement by the Secretary of the Treasury only this past February. In short, it is unsuitable as a short-range restraining measure. It has an uneven and discriminatory effect on different sectors of the economy, hitting small businesses the hardest. Furthermore, it might well "prove to be most effective in curtailing the type of investment that makes the most anti-inflationary contribution," to borrow the Secretary's very words.

In particular, I call attention to the following passage appearing on page 45 of the report:

> While the credit is suspended on orders placed during the period from September 9, 1966, to December 31, 1967, the suspension will not apply to property acquired at any time pursuant to a binding contract made on or before September 8, 1966. The taxpayer who held back on his orders and deferred capital investment plans in response to the request of the President, will be denied the investment credit. The taxpayer who ignored the President's request and placed his orders for new equipment prior to September 9, will get the benefit of the investment credit.

For these reasons and because I share the deep concern of all Americans over the state of the economy, I cannot support this legislation which claims so much and does so little. The real problem of inflation is not attacked here. There has yet been no hard evidence presented to indicate that the basic fiscal and monetary policies of the present administration, which have aided and abetted inflation, are to be corrected.

The rising cost of living cannot be checked alone by the housewife, the farmer, the worker, and businessman, who are its victims. The administration must accept its own responsibilities for inflation and take adequate remedial action. We are in urgent need of sound fiscal policies.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may be permitted to extend their remarks at this point in the RECORD on the pending bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. CLARENCE J. BROWN, JR.].

Mr. CLARENCE J. BROWN, JR. Mr. Chairman, before I proceed with some other remarks, I am pleased to advise the gentleman from Ohio [Mr. VANIK], and the gentleman from California [Mr. HOLIFIELD], that another gentleman from California [Mr. DON H. CLAUSEN], and myself, from Ohio, have collaborated a great deal on an amendment to the Water Pollution Control Act which will be before us next in the order of business today.

The Public Works Committee accepted the amendment introduced by the gentleman from California [Mr. DON H. CLAUSEN], which is section 211 of the Water Pollution Control Act. It calls for the Secretary of the Interior to conduct a full and complete investigation and study of methods for providing incentives to industry to assist in the construction of facilities and works by industry to reduce or abate water pollution.

This study, I am sure both gentlemen will be glad to know, is to include but not be limited to possible use of tax incentives as well as other methods of financial assistance to encourage pollution control and abatement. The gentleman from California's [Mr. DON H. CLAUSEN] interest in this matter, I am pleased to say, reflects my own interest and was stimulated by my proposal—H.R. 16078—which would provide incentives for construction of industrial pollution abatement facilities by means of a 20-percent tax credit.

Mr. Chairman, in connection with the remarks made by the gentleman from Missouri [Mr. CURTIS], I should like to call attention to an item in today's issue of the Wall Street Journal, which says:

A majority of leading corporate economists said in a survey that they expect the boom in the economy to continue through 1967, but at a slower pace than this year. Roughly a third of the surveyed business economists, however, predicted that a recession will start sometime next year, probably in the third quarter.

This item is in the same column with and next to an item which notes the construction awards in August fell to the lowest rate for the year. And yet the item just above that says that "interest charges which commercial banks may make on Government-guaranteed loans to defense contractors were raised to a maximum of 7.5 percent from 6 percent by the Federal Reserve Board.

It seems to me that this sort of draws a line under the charge that this may be a "yo-yo economy" and does not necessarily argue we are in a period of stable economic conditions.

I should like to elaborate from the article on the back page of the Wall Street Journal, page 32, concerning the position of the economists. I quote:

"A major factor in next year's expected growth will be rising defense expenditures, while business capital spending is forecast to peak at about mid-year," said Charles B. Reeder, a Du Pont Co. economist and vice president of the group. He added: "The most important economic problem facing the country in 1967 will be control of inflation while maintaining growth and avoiding recession."

Of the economists surveyed, 72% said they expect a recession by 1970, with a cutback in capital spending the most commonly cited reason. About half of those predicting a recession, or about 35% of the economists responding in the survey, look for the downturn to begin next year.

As the gentleman from Missouri [Mr. CURTIS] has so effectively pointed out, the timing of the legislation we have before us today may have a disturbing effect on an already unstable economy Suspension of the investment tax credit could make the grim prediction of the economists come sadly true—and for the very reasons they list.

The suspension of the investment tax credit might have been just the right thing a year ago to take the present inflationary pressures out of our overheated economy. Now, it may be the right thing at just the wrong time. Just as in humor and love—and even politics—timing is everything in economics, particularly when the Federal Government is trying to manage the economy as much as it is today.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. ASHBROOK].

Mr. ASHBROOK. Mr. Chairman, I thank the gentleman from Wisconsin for yielding to me. I for one will oppose the suspension of the investment credit. We have seen an off-again on-again attitude of this administration which is disastrous to our economy. They took off certain excise taxes and then put them back on again. They urged businessmen to expand and now they urge them not to expand. Incidentally, those who followed the President's advice will be hurt by this legislation; those who went ahead anyway will not be affected.

New efficient machine tools, machinery, and buildings to house them are actually noninflationary as they increase productivity and provide more consumer goods at lower costs while taking the inflationary pressures off of prices. More jobs and better wages are also the result.

The Ohio Farm Bureau has pointed out how this proposal will work to the disadvantage of the farmer. With these remarks I include a letter from Morris E. Allton and a press release from the Farm Bureau:

OHIO FARM BUREAU FEDERATION, INC.,
Columbus, Ohio, September 16, 1966.

ACTION REQUESTED: LETTERS TO CONGRESSMEN—HOUSE BEGINS HEARINGS ON MOVE TO SUSPEND 7% INVESTMENT TAX CREDIT

On September 12, the House Ways and Means Committee in Congress began rush hearings on a bill to carry out President Johnson's proposed 16-month suspension of the 7% machinery and equipment investment tax credit.

H.R. 17607 was introduced by Chairman WILBUR D. MILLS (D-Ark). A similar bill was introduced August 30 by Senator RUSSELL B. LONG (D-La.), Chairman of the Senate Finance Committee.

President Johnson's recommendation is that the 7% tax credit be suspended for 16 months beginning September 1, 1966. The purpose of the suspension is to help fight inflation.

This bill would cost Ohio farmers 7% on their machinery investment costs for any machinery purchased between September 1, 1966 and January 1, 1968.

In order to give farmers a chance to purchase machinery they intended to purchase this fall, we believe this legislation should not become effective until the bill has passed Congress, which will likely be sometime after October 1 or October 15 of this year.

We urge that you write your Congressman asking that if it is necessary to have this legislation, it not be effective until the date it is passed by Congress. Also write Congressman JACKSON BETTS, Ohio 8th Congressional District, and Chairman WILBUR D. MILLS, of Arkansas, making the same request. All of these persons can be addressed at the House Office Building, Washington, D.C. A list of Ohio Congressmen is enclosed for your convenience.

To be effective, your letters should be written immediately.

Very truly yours,
MORRIS E. ALLTON,
Vice President, Public Affairs.

SEPTEMBER 23, 1966.

COLUMBUS.—"The Administration's proposed 16-month suspension of the seven percent machinery and equipment investment tax credit is a poor way to halt inflation," declared Frank B. Sollars, president, Ohio Farm Bureau Federation.

"Right at the time our government is asking the farmer for more food production, this legislation is imposing another heavy tax burden on the farmer," Sollars said.

Congressman WILBUR D. MILLS (D-Ark.) has introduced a bill (H.R. 17607) in the House of Representatives to suspend the seven percent machinery and equipment investment tax credit. Senator RUSSELL B. LONG (D-La.) has introduced similar legislation in the Senate.

"Even if this bill is approved by Congress, it may not do anything to curb inflation. It will probably take so long for the effects of this legislation to appear, that we may need the opposite kind of treatment by the time that it has any measurable impact," Sollars stated.

"Our national organization, the American Farm Bureau Federation, has pointed out that this tax bill, at best, would increase revenue $2 billion; whereas a reduction in non-essential government expenditures could easily benefit the federal budget by $5 billion, and have twice the non-inflationary benefits of the seven percent investment credit.

"In any event, we believe that the law should not become effective until passed by Congress, rather than making it retroactive to September 1 as proposed by the legislation. This at least would not penalize the farmer who purchased equipment after September 1, assuming that he would have the seven percent investment credit.

"The farmer is already faced with a severe labor shortage, and his only recourse is to purchase bigger and better farm machinery, and this bill will make it more difficult for him to do so," Sollars concluded.

Mr. Chairman, I received a letter from a 17th District businessman which seems to well point out the dilemma caused by this legislation. His company has followed a long-range program of replacement and building which is now in question. The letter is a good insight into this legislation and I would like to read it to the members. Obviously I am withholding the name:

Congressman JOHN ASHBROOK,
House of Representatives,
Washington, D.C.

DEAR JOHN: This letter comes from a puppet on a string, dancing to a tune that keeps changing and fearing that someone, somewhere may even cut the string.

I refer to the latest threats to withdraw investment tax credit. There are businessmen with greater knowledge of investment tax credit and with more dollars at stake than I. But I know this: My companies will layoff men we intended to keep around until we received new equipment which would satisfy customer demand at a more profitable rate.

We will raise prices instead of waiting for cheaper ways to do the job. We cannot pay a tax increase (which appears to be a certainty), lose tax credit (which must be planned 3 to 5 years in advance), and hold the line on prices and employment. Our customers will not be dictated to the way Washington is dictating to us. They demand, and deserve, consistency. They are not puppets on our string, bless them, or

Washington's. Congressmen and presidents may call the tune but the customer decides whether or not he will dance. I don't think he is going to stand for a whole lot more of price increases.

Apparently someone in Washington made a mistake on installation of investment credit and now wants to punish businessmen for their error.

Why? Why must the decision on investment credit be all or nothing? When we had an income tax cut it was merely a reduction. Nobody considered doing away with income taxes. Why not consider a reduction in investment credit. I slap the hand of my child when it offends. I don't cut it off.

Further, if some segments of business and industry have over used tax credits, why not reduce or remove it in those segments? It's immature to assume that all of businessmen and industrialists are equally guilty or innocent. Why paint every man and business with the same unfair brush?

Someone is looking for excuses instead of meaningful results. And those excuses just might kill a number of smaller businesses by taking away our ability to serve our customers and compete with others still enjoying one or another government sugar teat. I know at least one in dire danger.

By its nature and design, investment credit involves long range planning and capital commitment. I'm furious to see it used as a substitute remedy for a short term ill.

I know you can't change the fact that I am a puppet to Washington's whim, but let me know what you can do to keep Congress and the administration from cutting my string.

Needless to say, Mr. Chairman, I strongly oppose this bill. Cutting down on unnecessary Federal spending is the only way we can effectively combat inflationary pressures at this time. Neither the Congress nor the President have the courage to do this as witnessed by yesterday's so-called poverty bill.

Mr. MILLS. Mr. Chairman, I have no further requests for time.

Mr. BYRNES of Wisconsin. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Under the rule, the bill and the committee substitute now in the bill are considered as having been read for amendment. No other amendments are in order to the bill or committee substitute except amendments by direction of the Committee on Ways and Means, and such amendments shall not be subject to amendment.

The bill is as follows:

H.R. 17607

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 48 of the Internal Revenue Code of 1954 (relating to definition; special rules) is amended by redesignating subsection (h) as subsection (k), and by inserting before such subsection the following new subsections:

"(h) SUSPENSION OF INVESTMENT CREDIT.—For purposes of this subpart—

"(1) GENERAL RULE.—Section 38 property which is suspension period property shall not be treated as new or used section 38 property.

"(2) SUSPENSION PERIOD PROPERTY DEFINED.—Except as otherwise provided in this subsection and subsection (i), the term 'suspension period property' means section 38 property—

"(A) the physical construction, reconstruction or erection of which begins either during the suspension period or pursuant to an order placed during such period, or

"(B) which is acquired by the taxpayer either during the suspension period or pursuant to an order placed during such period.

"(3) BINDING CONTRACTS.—To the extent that any property is constructed, reconstructed, erected, or acquired pursuant to a contract which was, on September 8, 1966, and at all times thereafter, binding on the taxpayer, such property shall not be deemed to be suspension period property.

"(4) EQUIPPED BUILDING RULE.—If—

"(A) pursuant to a plan of the taxpayer in existence on September 8, 1966 (which plan was not substantially modified at any time after such date and before the taxpayer placed the equipped building in service), the taxpayer has constructed, reconstructed, erected, or acquired a building and the machinery and equipment necessary to the planned use of the building by the taxpayer. and

"(B) more than 50 percent of the aggregate adjusted basis of all the property of a character subject to the allowance for depreciation making up such building as so equipped is attributable to either property the construction, reconstruction, or erection of which was begun by the taxpayer before September 9, 1966, or property the acquisition of which by the taxpayer occurred before such date,

then all section 38 property comprising such building as so equipped (and any incidental section 38 property adjacent to such building which is necessary to the planned use of the building) shall be treated as section 38 property which is not suspension period property. For purposes of subparagraph (B) of the preceding sentence, the rules of paragraphs (3) and (5)(A) shall be applied.

"(5) MACHINERY OR EQUIPMENT COMPLETION RULES.—

"(A) IN GENERAL.—In the case of any piece of machinery or equipment more than 50 percent of the adjusted basis of which is attributable to parts and components which were on hand on September 8, 1966, or were acquired pursuant to a binding contract which was in effect on such date, the parts and components necessary for the completion of such piece of machinery or equipment as a functioning unit shall be treated as property which is not suspension period property.

"(B) CERTAIN TAXPAYERS WHO ASSEMBLE OR PRODUCE THEIR OWN MACHINERY OR EQUIPMENT.—In the case of a taxpayer who regularly assembles or otherwise produces pieces of machinery or equipment for his own use, any piece of machinery or equipment which he assembles or otherwise produces for his own use out of parts and components more than 50 percent of which (determined on the basis of cost) he had on hand on September 8, 1966, or acquired pursuant to a binding contract which was in effect on such date shall be treated as property which is not suspension period property.

"(6) CERTAIN FINANCING TRANSACTIONS.—Where, pursuant to a financing transaction, a person who is a party to a binding contract described in paragraph (3) transfers rights in such contract (or in the property to which such contract relates) to another person but a party to such contract retains the right to use the property under a long-term lease with such other person, then to the extent of the transferred rights such oher person shall, for purposes of paragraph (3), succeed to the position of the transferor with respect to such binding contract and such property.

"(7) CERTAIN LEASE OBLIGATIONS.—Where, pursuant to a binding lease or contract to lease in effect on September 8, 1966, a lessor or lessee is obligated to construct, reconstruct, erect, or acquire property specified in such lease or contract, any property so constructed, reconstructed, erected, or acquired by the lessor or lessee which is section 38 property shall be treated as property which is not suspension period property. In the case of any project which includes property other than the property to be leased to such lessee, the preceding sentence shall be applied, in the case of the lessor, to such other property only if the binding leases and contracts with all lessees in effect on September 8, 1966, cover real property constituting 25 percent or more of the project (determined on the basis of rental value). For purposes of this paragraph, in the case of any project where one or more vendor-vendee relationships exist, such vendors and vendees shall be treated as lessors and lessees.

"(8) CERTAIN TRANFERS TO BE DISREGARDED.—

"(A) If property or rights under a contract are transferred in—

"(i) a transfer by reason of death, or

"(ii) a transaction as a result of which the basis of the property in the hands of the transferee is determined by reference to its basis in the hands of the transferor by reason of the application of section 332, 351, 361, 371(a), 374(a), 721, or 731,

and such property (or the property acquired under such contract) would not be treated as suspension period property in the hands of the decedent or the transferor, such property shall not be treated as suspension period property in the hands of the transferee.

"(B) If—

"(i) property or rights under a contract are acquired in a transaction to which section 334(b)(2) applies,

"(ii) the stock of the distributing corporation was acquired before September 9, 1966, or pursuant to a binding contract in effect September 8, 1966, and

"(iii) such property (or the property acquired under such contract) would not be treated as suspension period property in the hands of the disturbing corporation,

such property shall not be treated as suspension period property in the hands of the distributee.

"(i) EXEMPTION FROM SUSPENSION OF $15,000 OF INVESTMENT.—

"(1) IN GENERAL.—In the case of property acquired by the taxpayer by purchase for use in his trade or business which would (but for this subsection) be suspension period property, the taxpayer may select items to which this subsection applies, to the extent of an aggregate cost, for the suspension period, of $15,000. Any item so selected shall be treated as property which is not suspension period property for purposes of this subpart (other than for purposes of paragraphs (4), (5), (6), (7), and (8) of subsection (h)).

"(2) APPLICABLE RULES.—Under regulations prescribed by the Secretary or his delegate, rules similar to the rules provided by paragraphs (2) and (3) of subsection (c) shall be applied for purposes of this subsection. Subsection (d) shall not apply with respect to any item to which this subsection applies.

"(j) SUSPENSION PERIOD.—For purposes of this subpart, the term 'suspension period' means the period beginning on September 9, 1966, and ending on December 31, 1967."

(b) Section 48(d) of such Code (relating to certain leased property) is amended by adding at the end thereof the following new sentence: "In the case of suspension period property which is leased and is property of a kind which the lessor ordinarily leases to one lessee for a substantial portion of the useful life of the property, the lessor of the property shall be deemed to have elected to treat the first such lessee as having acquired such property for purposes of applying the last sentence of section 46(a)(2)."

SEC. 2. Section 167 of the Internal Revenue Code of 1954 (relating to depreciation) is amended by redesignating subsection (i) as

subsection (j) and by inserting after subsection (h) the following new subsection:

"(i) LIMITATION IN CASE OF PROPERTY CONSTRUCTED OR ACQUIRED DURING THE SUSPENSION PERIOD.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary or his delegate, paragraphs (2), (3), and (4) of subsection (b) shall not apply in the case of real property which is not section 38 property (as defined in section 48(a)) if—

"(A) the physical construction, reconstruction, or erection of such property by any person begins during the suspension period, or

"(B) an order for such construction, reconstruction, or erection is placed by any person during the suspension period.

Under regulations prescribed by the Secretary or his delegate, rules similar to the rules provided by paragraphs (3), (4), (6), (7), and (8) of section 48(h) shall be applied for purposes of the preceding sentence.

"(2) SUSPENSION PERIOD.—For purposes of this subsection, the term 'suspension period' means the period beginning on September 9, 1966, and ending on December 31, 1967."

SEC. 3. (a) Section 46(a) of the Internal Revenue Code of 1954 (relating to determination of amount of credit) is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) LIMITATION BASED ON AMOUNT OF TAX.—Notwithstanding paragraph (1), the credit allowed by section 38 for the taxable year shall not exceed—

"(A) so much of the liability for tax for the taxable year as does not exceed $25,000, plus

"(B) for taxable years ending on or before the last day of the suspension period (as defined in section 48(j)), 25 percent of so much of the liability for tax for the taxable year as exceeds $25,000, or

"(C) for taxable years ending after the last day of such suspension period, 50 percent of so much of the liability for tax for the taxable year as exceeds $25,000.

In applying subparagraph (C) to a taxable year beginning on or before the last day of such suspension period and ending after the last day of such suspension period, the percent referred to in such subparagraph shall be the sum of 25 percent plus the percent which bears the same ratio to 25 percent as the number of days in such year after the last day of the suspension period bears to the total number of days in such year. The amount otherwise determined under this paragraph shall be reduced (but not below zero) by the credit which would have been allowable under paragraph (1) for such taxable year with respect to suspension period property but for the application of section 48(h)(1)."

(b) Section 46(b)(1) of such Code (relating to allowance of carryback and carryover of unused credits) is amended—

(1) by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) an investment credit carryover to each of the 7 taxable years following the unused credit year,"; and

(2) by striking out in the last sentence "8 taxable years" and "other 7 taxable years" and inserting in lieu thereof "10 taxable years" and "other 9 taxable years", respectively.

SEC. 4. The amendments made by this Act shall apply to taxable years ending after September 8, 1966, except that the amendments made by section 3(b) shall apply only if the fifth taxable year following the unused credit year ends after December 31, 1966.

The CHAIRMAN. Are there any committee amendments?

AMENDMENT OFFERED BY MR. MILLS

Mr. MILLS. Mr. Chairman, there are two committee amendments, one of which I will offer myself and then I will ask the Chair to recognize the gentleman from Wisconsin [Mr. BYRNES] to offer the other. We work that way all the time.

The Clerk read as follows:

On page 10, after line 6, insert:

"(9) Certain tangible property constructed during suspension period and leased new thereafter.—Tangible personal property constructed or reconstructed by a person shall not be suspension period property if—

"(A) such person leases such property after the close of the suspension period and the original use of such property commences after the close of such period,

"(B) such construction or reconstruction, and such lease transaction, was not pursuant to an order placed during the suspension period, and

"(C) an election is made under subsection (d) with respect to such property which satisfies the requirements of such subsection."

Mr. MILLS (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that we dispense with further reading of the amendment and that it be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Chairman, the committee amendment which I offer is merely to correct an oversight with respect to a narrow point in the bill as amended by the committee.

Under the bill as amended by the committee, it was clear that a producer of property could produce that property and hold it as inventory for sale to others or sell it to a wholesaler who would hold it for sale to others during the suspension period so long as no order was placed by the user for the property during the suspension period without the property being classified as suspension period property.

The amendment takes care of a similar problem where a producer manufactures property for lease to others rather than for sale. The amendment made by the committee provides that where a producer produces property for lease during the suspension period, and holds it for lease after that date but has no lease contract during the suspension period with respect to the property, the property will not be suspension period property if the lessor permits the lessee to have the investment credit with respect to the property.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BYRNES OF WISCONSIN

Mr. BYRNES of Wisconsin. Mr. Chairman, I offer an amendment approved by the committee.

The Clerk read as follows:

On page 10, after line 6, insert:

"(10) WATER AND AIR POLLUTION CONTROL FACILITIES.—

"(A) IN GENERAL.—Any water pollution control facility or air pollution control facility shall be treated as property which is not suspension period property.

"(B) WATER POLLUTION CONTROL FACILITY.—For purposes of subparagraph (A), the term 'water pollution control facility' means any section 38 property which—

"(i) is used primarily to control water pollution by removing, altering, or disposing of wastes, including the necessary intercepting sewers, outfall sewers, pumping, power, and other equipment, and their appurtenances; and

"(ii) is certified by the State water pollution control agency (as defined in section 13(a) of the Federal Water Pollution Control Act) as being in conformity with the State program or requirements for control of water pollution and in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution under the Federal Water Pollution Control Act.

"(C) AIR POLLUTION CONTROL FACILITY.—For purposes of subparagraph (A), the term 'air pollution control facility' means any section 38 property which—

"(i) is used primarily to control atmospheric pollution or contamination by removing, altering, or disposing of atmospheric pollutants or contaminants; and

"(ii) is certified by the State air pollution control agency (as defined in section 302(b) of the Clean Air Act) as being in conformity with the State program or requirements for control of air pollution and in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with States in the prevention and abatement of air pollution under the Clean Air Act.

"(D) STANDARDS FOR FACILITY.—Subparagraph (A) shall apply in the case of any facility only if the taxpayer constructs, reconstructs, erects, or acquires such facility in furtherence of Federal, State, or local standards for the control of water pollution or atmospheric pollution or contaminants."

Mr. MILLS (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent to dispense with further reading of the amendment and ask that it be printed at this point in the RECORD, and that the Chair recognize the gentleman from Wisconsin [Mr. BYRNES] to explain it.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Chairman, this is the amendment that I referred to in the remarks which I made earlier on this bill. It would provide that the investment credit be continued and be available even during the period of suspension for those facilities and those installations having to do with improving the quality of our streams and the quality of our atmosphere that are in furtherance of antipollution of water and air.

Mr. Chairman, we all recognize the effort that must be made to clean up our streams and clean up our atmosphere. That is evidenced by legislation, for instance, that will be considered shortly by the House, extending grants-in-aid and expenditures of some $2.5 billion for this purpose, most of it directed toward local governmental waste treatment facilities and municipal treatment facilities.

But, Mr. Chairman, I would point out that the effort in this direction must also be stimulated on the part of private industry. My amendment will continue to

provide some little encouragement in that area and in that direction.

Mr. Chairman, also I pointed out in my remarks that I believe we should go further than the incentive that is provided through this 7 percent. But at least we should not look backward in this area by suspending it during this period of time.

Mr. Chairman, I had announced that this would be offered as a motion to recommit. However, the distinguished gentleman from Arkansas [Mr. MILLS], the chairman of the Committee on Ways and Means, graciously advised me that he thought his committee could accept the amendment. The committee did meet and did vote to approve the amendment. Therefore, it is presented in this manner at this time.

Mr. CURTIS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Missouri.

Mr. CURTIS. Mr. Chairman, I want to go on record as being strongly behind this amendment and I concur in the statements which the gentleman from Wisconsin [Mr. BYRNES], has made. I, too, think that we should go much further than we have through not taxing money that is spent for these desirable aims in our society. I say this because sometimes people get the idea that because you do not want the Federal Government spending money directly, therefore you are not in favor of clean water and clear air.

Mr. Chairman, this has always been the preferable way to go, and the chief way to go; that is, that you do not tax money in the society that is being expended toward the achievement of these goals which we are seeking.

Mr. Chairman, this is the theory behind the education tax credit, the human investment tax credit and is the theory behind the tax credit for parents in the field of higher education for their children.

Mr. Chairman, this is classic tax theory. I am just sorry that we cannot today extend this principle further. Certainly this portion of the bill would have gone backward if we took away what little incentive there might exist in the tax laws with reference to expenditures for equipment to treat air and water to keep it clean. This amendment is a good one.

Mr. MINSHALL. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I am happy to yield to the distinguished gentleman from Ohio.

Mr. MINSHALL. Mr. Chairman, I rise in support of the Byrnes amendment to exempt from suspension any water pollution control facility and any air pollution control facility.

Later this afternoon we will vote several billion dollars to combat pollution. It would be nonsensical for us in this bill to penalize those industries which are presently attempting to alleviate the problem and it would discourage completely other industries from installing such equipment.

One of the top-priority domestic problems today is that of pollution. We will take a large step toward a solution today by voting for the Byrnes amendment and, later, for passage of the Water Pollution Control Act.

I shall vote for the amendment before us now and earnestly urge my colleagues to give it their overwhelming support.

Mr. MILLS. Mr. Chairman, the committee supports the committee amendment offered by the gentleman from Wisconsin [Mr. BYRNES]. We all know of the severity of the water pollution and air pollution situation at the present time. We agree that nothing should be done in this bill to discourage existing incentives to invest in property of this type. For that reason, the committee is in accord with this amendment offered by the gentleman from Wisconsin [Mr. BYRNES] on behalf of the committee.

This amendment provides that water pollution control facilities and air pollution control facilities are to be treated as property which is not suspension period property if they are used primarily to control either water pollution or atmospheric pollution or contamination by removing, altering, or disposing of the pollutants. In the case of either water or air pollution facilities, they must be certified by the State water or air pollution control agency, as defined in the Federal Water Pollution Control or Clean Air Act. They must be in conformity with the State program or requirements for the control of water or air pollution and in compliance with the applicable regulations of Federal agencies.

In addition, for a facility to be treated as eligible for the investment credit even though ordered or constructed during the suspension period, it must be so constructed or acquired because of the existence of a Federal, State, or local standard either currently applicable or applicable in the future requiring facilities of this type. It must be in furtherance of meeting such standards.

Mr. BLATNIK. Mr. Chairman, industry's role in pollution abatement is receiving intense scrutiny at the present time. This is reflected in the large number of legislative proposals that have been introduced. They range from increasing the very tax credit, which we are now proposing to suspend, to accelerated amortization, and to providing direct grant and loan assistance to industry. No one will quarrel with the purpose of these bills. Assuredly, industry as well as municipalities must take all required measures to protect the quality of our waters.

We in the Public Works Committee have given considerable recognition to industry's needs in this respect. H.R. 16076, the committee's bill which will call for your consideration later today, proposes a new approach to the problem. Authority is proposed for grants to assist in research and demonstration projects for prevention of pollution of waters by industry. We feel that this approach will afford industry an opportunity to participate directly in lending its broad knowledge and expertise to arriving at practicable and economically feasible solutions.

Additionally, the committee directs the conduct of a full and complete investigation and study of methods for providing incentives designed to assist in the construction of pollution control facilities by industry. Without question, we would be better able to legislate in this field when we have the answers such a study will produce.

We have adequate indications that the continuation of the tax credit for pollution abatement facilities is warranted at the present time. However, let us not forget these points:

First. The tax credit is of immediate benefit to new plants. Generally, I am most happy to be able to say, waste treatment is being incorporated into these plants at the design stage. Industry is beginning to accept this as a part of doing business. Determining that portion of the investment cost attributable to waste treatment, while not impossible, could very well pose difficulties.

Second. Older plants, on the other hand, in business on a marginal basis, would hardly find this tax credit of any marked assistance. The amount of investment required may be almost the deciding factor in forcing them to a decision to continue or to cease their operations. It is doubtful that the 7-percent tax credit is a sufficient incentive to weigh their decision, in view of the other factors in today's highly competitive economy.

There is one situation where I feel the continuation of the tax credit is desirable and highly justified. Responsible State agencies are developing comprehensive State water pollution control plans. Industry, as well as municipalities, must conform to these plans. In many cases, these comprehensive plans require a higher degree of waste control in line with the higher water quality standards being developed under the Water Quality Act of 1965.

Higher degrees of waste control, under our present technology, means in most cases additional construction involving considerable capital investment. This particular capital investment is not directed to profitmaking, but to the public benefit in enhancing water quality. Additionally, some plants are already under directive, whether by local authority, the State, or the Federal Government, to install remedial treatment measures. These directives are for the purpose of bringing these plants into compliance with the State comprehensive plan by abating a particularly identified pollution situation.

By continuing the tax credit for such plants, we will be augmenting the public benefit in two very important areas. We would aid in protecting the quality of our water supplies. Also, we would assure the economic benefits of jobs and employment in the affected area if, otherwise, the plant might be forced to shut down.

Certainly, we must have pollution control. Certainly, and equally so, we must have industry with its widespread economic benefits. Our committee does not view these as incompatible, just as today I do not view the tax credit suspension as entirely incompatible with our efforts to encourage and support industry in its pollution control problems.

I would hope, however, that the tax credit might remain available for those plants which, as I explained, have no alternative as a result of increased pressure for conformity with higher water quality standards and State comprehensive water pollution control plans. The needs, in their case, for pollution control have been fully identified. We in the committee will continue to give every consideration to justifiably indicated measures for assistance to all of industry in the problems that now confront it in complying with water quality requirements.

At this time, I extend my heartiest appreciation to the distinguished chairman of the Ways and Means Committee for the sympathy and consideration he has given to this issue. He is without peer in guiding this Chamber through the intricately complex maze of fiscal matters. I recognize fully that he has been besieged by other worthy pleas for exemption, most of which are merited in some degree. The exemption for pollution control facilities is of truly national benefit, affecting as it does our struggle to clean up all of our water supplies. This national concern for clean water is ably championed here today through the action of the distinguished chairman.

Mr. DINGELL. Mr. Chairman, I am delighted to see that the great Committee on Ways and Means has seen fit to offer as a committee amendment a change suggested by my friend and colleague, the gentleman from Michigan, Congressman WESTON E. VIVIAN, and myself in connection with the temporary suspension of the business investment credit.

The change means continuing progress in our fight on two of the most pressing and dangerous abuses of our natural resources, our effort to abate pollution of our air and waters.

The continuance of the availability of the 7-percent business investment credit for construction of facilities to abate pollution of our air and waters is indeed a constructive step forward.

My information is that the cost of it to the taxpayer is going to be slight, $10 million a year. The results, however, of this action will be of incalculable benefit.

The district I have the honor to represent is beset by a continuing problem with pollution of our air and waters. A recent hearing under the Federal Water Pollution Control Act to commence an abatement proceedings on the Michigan waters of Lake Erie, the Detroit River, and its Michigan tributaries revealed that the Detroit metropolitan area contributed to the Detroit River alone better than 1½ billion gallons of industrial wastes per day. These wastes include phenols, wastes of petrochemical and chemical plants, wastes from oil refineries and steel mills, wastes from many complex automotive manufacturing processes and automotive manufacturing plants, wastes from rubber and plastic plants, wastes from paper and paper processing plants, and of course, one-half billion gallons of municipal sewage.

A more recent Federal water pollution abatement action around the rim of Lake Erie from the Michigan-Ohio line through Ohio, Pennsylvania, and New York indicates a situation fully as bad or worse.

This amendment will be of inestimable benefit in encouraging the desperately needed cleanup of these waters.

No portion of our Nation avoids the problems of polluted water. Industries contribute billions of gallons each day to the contamination that flows through the rivers and lakes of our Nation.

Major Federal water pollution abatement actions have been commenced in almost every major river basin in the Nation and more are going to be necessary. Everywhere in this Nation, this amendment is needed to stimulate cleanup of industrial pollution.

Today this body will be considering legislation to spend almost $1 billion a year in grants to States and municipalities for construction of sewage abatement works. There is nothing, however, in that legislation to serve as an economic stimulus for industry to clean up its wastes, and it appears that failure to provide the relief set out in this Committee amendment would be to encourage municipalities to abate pollution while industry is encouraged to do nothing.

The same situation applies with regard to air pollution.

The great Committee on Interstate and Foreign Commerce, of which I have the honor to be a member, just this day reported out major legislation continuing the Federal air pollution control grants to States and municipalities for air pollution abatement programs. In that legislation, however, there is no economic stimulus for industry to abate its pollution of our air. I must regretfully note that in the handling of the air pollution problem we are substantially behind our efforts on water pollution.

I wish to commend the committee for its endorsement of this proposal and I hope the membership of this body will adopt this amendment speedily.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Chairman, I ask unanimous consent that all Members desiring to do so may extend their remarks on this amendment.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. BYRNES] to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN Under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HANSEN of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 17607) to suspend the investment credit and the allowance of accelerated depreciation in the case of certain real property, pursuant to House Resolution 1036, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Pursuant to the rule, a separate vote may be demanded on any amendment to the committee amendment adopted in the Committee of the Whole.

Is a separate vote demanded on any amendment?

Mr. GERALD R. FORD. Mr. Speaker, I ask for a separate vote on the Byrnes amendment.

Mr. MILLS. Mr. Speaker, I join my colleague in that request.

The SPEAKER. The Clerk will report the amendment upon which a separate vote has been requested.

The Clerk read as follows:

On page 10, after line 6, insert:

"(10) WATER AND AIR POLLUTION CONTROL FACILITIES.—

"(A) IN GENERAL.—Any water pollution control facility or air pollution control facility shall be treated as property which is not suspension period property.

"(B) WATER POLLUTION CONTROL FACILITY.—For purposes of subparagraph (A), the term 'water pollution control facility' means any section 38 property which—

"(i) is used primarily to control water pollution by removing, altering, or disposing of wastes, including the necessary intercepting sewers, outfall sewers, pumping, power, and other equipment, and their appurtenances; and

"(ii) is certified by the State water pollution control agency (as defined in section 13(a) of the Federal Water Pollution Control Act) as being in conformity with the State program or requirements for control of water pollution and in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of water pollution under the Federal Water Pollution Control Act.

"(C) AIR POLLUTION CONTROL FACILITY.—For purposes of subparagraph (A), the term 'air pollution control facility' means any section 38 property which—

"(i) is used primarily to control atmospheric pollution or contamination by removing, altering, or disposing of atmospheric pollutants or contaminants; and

"(ii) is certified by the State air pollution control agency (as defined in section 302(b) of the Clean Air Act) as being in conformity with the State program or requirements for control of air pollution and in compliance with the applicable regulations of Federal agencies and the general policies of the United States for cooperation with the States in the prevention and abatement of air pollution under the Clean Air Act.

"(D) STANDARDS FOR FACILITY.—Subparagraph (A) shall apply in the case of any facility only if the taxpayer constructs, reconstructs, erects, or acquires such facility in furtherance of Federal, State, or local standards for the control of water pollution or atmospheric pollution or contaminants.'

Mr. MILLS (during the reading of the amendment). Mr. Speaker, I ask that the further reading of the amendment be dispensed with and that it be printed in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. The question is on agreeing to the amendment.

Mr. MILLS. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 330, nays 2, not voting 100, as follows:

[Roll No. 323]

YEAS—330

Adair
Adams
Addabbo
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Arends
Ashbrook
Ashley
Ashmore
Ayres
Bandstra
Baring
Barrett
Bates
Battin
Beckworth
Belcher
Bell
Bennett
Berry
Betts
Bingham
Blatnik
Boggs
Boland
Brademas
Bray
Brock
Brooks
Broomfield
Brown, Clarence J., Jr.
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burke
Burleson
Burton, Calif.
Burton, Utah
Byrne, Pa.
Byrnes, Wis.
Cahill
Callan
Cameron
Carey
Cederberg
Chamberlain
Chelf
Clancy
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Clevenger
Collier
Colmer
Conable
Conte
Cooley
Cramer
Culver
Cunningham
Curtis
Daniels
Davis, Wis.
Dawson
de la Garza
Delaney
Dent
Devine
Diggs
Dingell
Dole
Donohue
Dorn
Dow
Dowdy
Downing
Dulski
Duncan, Oreg.
Duncan, Tenn.
Dwyer
Edwards, Ala.
Ellsworth
Erlenborn
Everett
Evins, Tenn.
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Findley
Flood
Flynt
Fogarty
Foley
Ford, Gerald R.
Ford, William D.
Fountain
Fraser
Frelinghuysen
Friedel
Fulton, Pa.
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gathings
Giaimo
Gibbons
Gilbert
Gilligan
Gonzalez
Goodell
Grabowski
Green, Oreg.
Green, Pa.
Greigg
Griffiths
Grover
Gurney
Hagen, Calif.
Haley
Hall
Halleck
Halpern
Hanley
Hansen, Idaho
Hansen, Iowa
Hansen, Wash.
Hardy
Harsha
Harvey, Mich.
Hathaway
Hechler
Henderson
Herlong
Hicks
Holifield
Holland
Horton
Hosmer
Howard
Hull
Hungate
Huot
Hutchinson
Ichord
Irwin
Jacobs
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Pa.
Jonas
Jones, Ala.
Jones, N.C.
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
King, Calif.
Kirwan
Kluczynski
Kornegay
Krebs
Kunkel
Kupferman
Laird
Langen
Latta
Lennon
Lipscomb
Long, La.
Long, Md.
Love
McCarthy
McCulloch
McDowell
McEwen
McFall
McGrath
McMillan
Macdonald
MacGregor
Machen
Madden
Mahon
Mailliard
Marsh
Martin, Nebr.
Mathias
Matsunaga
Matthews
May
Meeds
Michel
Mills
Minish
Mink
Minshall
Mize
Moeller
Moore
Moorhead
Morgan
Morris
Morton
Mosher
Multer
Murphy, Ill.
Murphy, N.Y.
Natcher
Nelsen
O'Hara, Ill.
O'Hara, Mich.
Olson, Minn.
O'Neal, Ga.
Ottinger
Passman
Patman
Patten
Pelly
Pepper
Perkins
Philbin
Pickle
Pike
Poff
Price
Pucinski
Quie
Quillen
Randall
Redlin
Rees
Reid, Ill.
Reid, N.Y.
Reifel
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Rivers, S.C.
Rivers, Alaska
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Ronan
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roudebush
Roush
Roybal
Rumsfeld
Ryan
Satterfield
St Germain
St. Onge
Saylor
Schisler
Schmidhauser
Schneebeli
Schweiker
Secrest
Selden
Senner
Shipley
Shriver
Sickles
Sikes
Sisk
Skubitz
Slack
Smith, Calif.
Smith, Iowa
Smith, N.Y.
Smith, Va.
Springer
Stafford
Staggers
Stalbaum
Stanton
Steed
Stratton
Stubblefield
Sullivan
Sweeney
Taylor
Teague, Calif.
Teague, Tex.
Tenzer
Thompson, N.J.
Thomson, Wis.
Todd
Trimble
Tuck
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Vivian
Waggonner
Waldie
Walker, Miss.
Watkins
Watson
Watts
Whalley
White, Idaho
White, Tex.
Whitener
Widnall
Williams
Willis
Wolff
Wyatt
Wydler
Yates
Young
Younger
Zablocki

NAYS—2

Jones, Mo.
Leggett

NOT VOTING—100

Abbitt
Abernethy
Albert
Anderson, Tenn.
Andrews, George W.
Andrews, Glenn
Aspinall
Bolling
Bolton
Bow
Brown, Calif.
Cabell
Callaway
Carter
Casey
Celler
Cohelan
Conyers
Corbett
Corman
Craley
Curtin
Daddario
Dague
Davis, Ga.
Denton
Derwinski
Dickinson
Dyal
Edmondson
Edwards, Calif.
Edwards, La.
Evans, Colo.
Fino
Fisher
Gettys
Gray
Grider
Gross
Gubser
Hagan, Ga.
Hamilton
Hanna
Harvey, Ind.
Hawkins
Hays
Hébert
Helstoski
Johnson, Okla.
Keogh
King, N.Y.
King, Utah
Landrum
McClory
McDade
McVicker
Mackay
Mackie
Martin, Ala.
Martin, Mass.
Miller
Monagan
Morrison
Morse
Moss
Murray
Nedzi
Nix
O'Brien
O'Konski
Olsen, Mont.
O'Neill, Mass.
Pirnie
Poage
Pool
Powell
Purcell
Race
Reinecke
Resnick
Robison
Rogers, Tex.
Roncalio
Scheuer
Scott
Stephens
Talcott
Thomas
Thompson, Tex.
Toll
Tunney
Tupper
Tuten
Utt
Walker, N. Mex.
Weltner
Whitten
Wilson, Bob
Wilson, Charles H.
Wright

So the amendment was agreed to.

The Clerk announced the following pairs:

Mr. Albert with Mr. Callaway.
Mr. Hébert with Mr. McDade.
Mr. O'Neill of Massachusetts with Mr. Robison.
Mr. Keogh with Mr. Bow.
Mr. Edwards of Louisiana with Mr. Carter.
Mr. George W. Andrews with Mr. Corbett.
Mr. Celler with Mr. Glenn Andrews.
Mr. Hagan of Georgia with Mr. McClory.
Mr. Edmondson with Mr. Utt.
Mr. Charles H. Wilson with Mr. Bob Wilson.
Mrs. Thomas with Mr. Martin of Alabama.
Mr. Mackie with Mr. Gross.
Mr. Wright with Mr. Dickinson.
Mr. Cabell with Mr. Derwinski.
Mr. McVicker with Mr. Curtin.
Mr. Denton with Mr. Morse.
Mr. Daddario with Mr. Pirnie.
Mr. Monagan with Mr. King of New York.
Mr. Nedzi with Mr. Fino.
Mr. Johnson of Oklahoma with Mr. Tupper.
Mr. Scott with Mrs. Bolton.
Mr. Pool with Mr. Harvey of Indiana.
Mr. Gray with Mr. Gubser.
Mr. Olsen of Montana with Mr. Martin of Massachusetts.
Mr. Hamilton with Mr. O'Konski.
Mr. Fisher with Mr. Reinecke.
Mr. Brown of California with Mr. Morrison.
Mr. Walker of New Mexico with Mr. Talcott.
Mr. Miller with Mr. Murray.
Mr. Davis of Georgia with Mr. Moss.
Mr. Cohelan with Mr. Evans of Colorado.
Mr. Aspinall with Mr. Gettys.
Mr. Abernethy with Mr. Stephens.
Mr. Hawkins with Mr. Rogers of Texas.
Mr. Hays with Mr. Helstoski.
Mr. Abbitt with Mr. Anderson of Tennessee.
Mr. Nix with Mr. O'Brien.
Mr. Dyal with Mr. Conyers.
Mr. King of Utah with Mr. Thompson of Texas.
Mr. Tunney with Mr. Whitten.
Mr. Mackay with Mr. Scheuer.
Mr. Landrum with Mr. Craley.
Mr. Corman with Mr. Grider.
Mr. Purcell with Mr. Edwards of California.
Mr. Pace with Mr. Weltner.
Mr. Resnick with Mr. Casey.
Mr. Hanna with Mr. Powell.
Mr. Roncalio with Mr. Tuten.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. CURTIS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CURTIS. I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CURTIS moves to recommit the bill, H.R. 17607, to the Committee on Ways and Means.

Mr. MILLS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 221, nays 118, answered "present" 1, not voting 92, as follows:

[Roll No. 324]

YEAS—221

Adams
Addabbo
Andrews, N. Dak.
Annunzio
Ashley
Ayres
Barrett
Bates
Battin
Beckworth
Bennett
Berry
Bingham
Blatnik
Boggs
Boland
Brademas
Bray
Brooks
Broyhill, N.C.
Broyhill, Va.
Burke
Burton, Calif.
Burton, Utah
Byrne, Pa.
Byrnes, Wis.
Cahill
Callan
Cameron
Carey
Clausen, Don H.
Clevenger
Conable
Conyers
Culver
Cunningham
Daniels
Dawson
de la Garza
Delaney
Dent
Diggs
Dingell
Donohue
Dow
Downing
Dulski
Duncan, Oreg.
Everett
Evins, Tenn.
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Flood
Fogarty
Ford, Gerald R.
Ford, William D.
Fraser
Frelinghuysen
Friedel
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gathings
Giaimo
Gibbons
Gilbert
Gilligan
Gonzalez
Grabowski
Gray
Green, Oreg.
Green, Pa.
Greigg
Griffiths
Grover
Hagen, Calif.
Halpern
Hanley
Hansen, Iowa
Hansen, Wash.
Hardy
Hathaway

Hechler
Herlong
Hicks
Holifield
Holland
Howard
Hull
Hungate
Huot
Ichord
Irwin
Jacobs
Jennings
Joelson
Johnson, Calif.
Jones, Ala.
Jones, Mo.
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
King, Calif.
Kirwan
Kluczynski
Krebs
Laird
Langen
Long, Md.
Love
McCarthy
McDowell
McFall
McGrath
Macdonald
MacGregor
Machen
Madden
Mahon
Marsh
Matsunaga
Matthews
Meeds
Miller
Mills
Minish
Mink
Moeller
Moorhead
Morgan
Morris
Multer
Murphy, Ill.
Murphy, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olson, Minn.
Ottinger
Patten
Pepper
Perkins
Philbin
Pickle
Pike
Poff
Pool
Price
Pucinski
Quie
Randall
Redlin
Rees
Reid, N.Y.
Reifel
Resnick
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Rivers, Alaska
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Ronan
Rooney, N.Y.
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
Satterfield
St Germain
St. Onge
Scheuer
Schweiker
Secrest
Selden
Senner
Shipley
Sickles
Sikes
Sisk
Slack
Smith, Iowa
Smith, N.Y.
Smith, Va.
Stafford
Staggers
Stalbaum
Steed
Stubblefield
Sullivan
Sweeney
Tenzer
Thompson, N.J.
Todd
Trimble
Tunney
Udall
Ullman
Vanik
Vigorito
Vivian
Watts
White, Idaho
White, Tex.
Widnall
Willis
Wolff
Yates
Young
Zablocki

NAYS—118

Adair
Anderson, Ill.
Arends
Ashbrook
Ashmore
Bandstra
Baring
Belcher
Bell
Betts
Brock
Broomfield
Brown, Clarence J., Jr.
Buchanan
Burleson
Cederberg
Chamberlain
Chelf
Clancy
Clark
Clawson, Del
Cleveland
Collier
Colmer
Conte
Cooley
Cramer
Curtis
Davis, Wis.
Devine
Dole
Dorn
Duncan, Tenn.
Dwyer
Edwards, Ala.
Ellsworth
Erlenborn
Findley
Flynt
Foley
Fountain
Fulton, Pa.
Goodell
Gurney
Haley
Hall
Halleck
Hansen, Idaho
Harsha
Harvey, Mich.
Henderson
Horton
Hosmer
Hutchinson
Jarman
Johnson, Pa.
Jonas
Jones, N.C.
Kornegay
Kunkel
Kupferman
Latta
Leggett
Lennon
Lipscomb
Long, La.
McCulloch
McEwen
McMillan
Mailliard
Martin, Nebr.
Mathias
May
Michel
Minshall
Mize
Moore
Morton
Mosher
Natcher
Nelsen
O'Neal, Ga.
Passman
Pelly
Quillen
Reid, Ill.
Rivers, S.C.
Rooney, Pa.
Roudebush
Rumsfeld
Saylor
Schisler
Schmidhauser
Schneebeli
Shriver
Skubitz
Smith, Calif.
Springer
Stanton
Stratton
Talcott
Taylor
Teague, Calif.
Teague, Tex.
Thomson, Wis.
Tuck
Tuten
Waggonner
Waldie
Walker, Miss.
Watkins
Watson
Whalley
Whitener
Williams
Wyatt
Wydler
Younger

ANSWERED "PRESENT"—1

Van Deerlin

NOT VOTING—92

Abbitt
Abernethy
Albert
Anderson, Tenn.
Andrews, George W.
Andrews, Glenn
Aspinall
Bolling
Bolton
Bow
Brown, Calif.
Cabell
Callaway
Carter
Casey
Celler
Cohelan
Corbett
Corman
Craley
Curtin
Daddario
Dague
Davis, Ga.
Denton
Derwinski
Dickinson
Dowdy
Dyal
Edmondson
Edwards, Calif.
Edwards, La.
Evans, Colo.
Fino
Fisher
Gettys
Grider
Gross
Gubser
Hagan, Ga.
Hamilton
Hanna
Harvey, Ind.
Hawkins
Hays
Hébert
Helstoski
Johnson, Okla.
Keogh
King, N.Y.
King, Utah
Landrum
McClory
McDade
McVicker
Mackay
Mackie
Martin, Ala.
Martin, Mass.
Monagan
Morrison
Morse
Moss
Murray
Nedzi
Nix
O'Brien
O'Konski
Olsen, Mont.
O'Neill, Mass.
Pirnie
Poage
Powell
Purcell
Race
Reinecke
Robison
Rogers, Tex.
Roncalio
Scott
Stephens
Thomas
Thompson, Tex.
Toll
Tupper
Utt
Walker, N. Mex.
Weltner
Whitten
Wilson, Bob
Wilson, Charles H.
Wright

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Van Deerlin for, with Mr. Charles H. Wilson against.

Mr. Keogh for, with Mr. Hébert against.

Mr. O'Neill of Massachusetts for, with Mr. Mackay against.

Mr. Mackie for, with Mr. Edwards of Louisiana against.

Mr. Olsen of Montana for, with Mr. Scott against.

Mrs. Thomas for, with Mr. Brown of California against.

Mr. Wright for, with Mr. George W. Andrews against.

Mr. Robison for, with Mr. Stephens against.

Mr. McVicker for, with Mr. Davis of Georgia against.

Mr. Celler for, with Mr. Murray against.

Mr. Albert for, with Mr. Gettys against.

Mr. Aspinall for, with Mr. Hagan of Georgia against.

Mr. Nedzi for, with Mr. McClory against.

Mr. Monagan for, with Mr. Gubser against.

Mr. Denton for, with Mr. Utt against.

Mr. Hays for, with Mr. Abernethy against.

Mr. Evans of Colorado for, with Mr. Whitten against.

Mr. Daddario for, with Mr. Derwinski against.

Mr. Hamilton for, with Mr. Callaway against.

Mr. King of Utah for, with Mr. McDade against.

Mr. Cohelan for, with Mr. Bow against.

Mr. Fino for, with Mr. Carter against.

Mr. Hawkins for, with Mr. Corbett against.

Mr. Dyal for, with Mr. Glenn Andrews against.

Mr. Nix for, with Mr. Bob Wilson against.

Mr. Cabell for, with Mrs. Bolton against.

Mr. Edmondson for, with Mr. Martin of Alabama against.

Mr. Johnson of Oklahoma for, with Mr. King of New York against.

Mr. Helstoski for, with Mr. Dickinson against.

Mr. Moss for, with Mr. Reinecke against.

Mr. Powell for, with Mr. Harvey of Indiana against.

Until further notice:

Mr. Fisher with Mr. Curtin.

Mr. Corman with Mr. Gross.

Mr. Casey with Mr. Martin of Massachusetts.

Mr. Landrum with Mr. O'Konski.

Mr. Craley with Mr. Pirnie.

Mr. Abbitt with Mr. Tupper.

Mr. Anderson of Tennessee with Mr. Roncalio.

Mr. Edwards of California with Mr. Rogers of Texas.

Mr. Walker of New Mexico with Mr. Weltner.

Mr. O'Brien with Mr. Race.

Mr. Hanna with Mr. Grider.

Mr. Purcell with Mr. Toll.

Mr. VAN DEERLIN. Mr. Speaker, I have a live pair with the gentleman from California [Mr. CHARLES H. WILSON]. If he were present he would have voted "nay." I voted "aye." I withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to extend their remarks in general debate on the bill just passed, and also with respect to the amendment on which a separate vote occurred.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members who participated in the debate on the bill just passed may include extraneous material with their remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may have until midnight October 1, 1966, to file a report on the bill, H.R. 14699.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

WATER POLLUTION CONTROL

Mr. BLATNIK. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16076) to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 16076, with Mr. HANSEN of Iowa in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Minnesota [Mr. BLATNIK] will be recognized for 1 hour and the gentleman from Florida [Mr. CRAMER] will be recognized for 1 hour.

The Chair recognizes the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Chairman, I yield to the chairman of the full Committee on Public Works, the gentleman from Maryland [Mr. FALLON] such time as he desires.

Mr. FALLON. Mr. Chairman, I rise in support of H.R. 16076, the Federal Water Pollution Control Act of 1966, which was reported unanimously by the Committee on Public Works.

I have stated before and I reiterate that statement on this floor that today one of the greatest domestic problems facing the Nation is the cleaning up as rapidly as possible of our Nation's polluted rivers, lakes, and streams.

President Kennedy stated it succinctly:

> The pollution of our water has reached the proportions of a national disgrace. It endangers our health. It limits our business opportunities. It destroys recreation.

Water use is increasing tremendously. Since 1900, while our population has tripled and continues to increase, fresh water use has jumped eightfold. Agricultural, industrial, and recreational water use has increased tremendously. By 1980, water needs will be 600 billion gallons a day—almost twice the present usage and about equal to the total supply on which the continued growth and continued prosperity of this Nation depends.

While water use on a large scale is already a necessity, greater reuse is inevitable. More than 100 million Americans get their drinking water from rivers carrying sewage, industrial wastes, and anything else that can be flushed down a sewer or thrown from a bridge. At the same time that municipalities and industries need more clean water, they are fouling their own water supplies with their own wastes.

Water is industry's most valuable raw material and by 1980 it will require twice as much as today. Water recreation has grown enormously during recent years as the leisure time and income of the American people has increased. They need this recreation outlet, yet each year more bathing beaches and water sports areas are closed because of pollution. The story is the same with sports fishing. Each year the number of pollution-caused fish kills grows higher.

There is only one conclusion: This Nation is faced with a very critical problem of water pollution. The Committee on Public Works has been aware of this problem for a number of years. In 1956 from the committee came the first real strong Federal Water Pollution Act. That act subsequently has been implemented by legislation reported by the committee in 1961 and in 1965. All this legislation is now on the statute books of our Nation. It has proved to be an effective tool in the fight against the blight of our Nation's waters.

H.R. 16076 is one further step in the effort that must be made to clean up our waters. It envisions a full-scale Federal, State, and local partnership to bring about the completion of the task that is before us. It contains increased authorizations for funds to provide proper sewage-treatment facilities. There is additional funding for research in all the forms that are needed to help solve the many problems created by the pollution of our streams, lakes, and rivers. It would make an effort to bring about a cleanup of our waters on a basinwide approach. It is good legislation. It is needed legislation.

We have hardly been able to hold our own against the rising tide of pollution. Our efforts to control pollution must be geared to more speed than the force which produces it—a swiftly growing population, and an expanding urban, industrial society.

H.R. 16076 meshes in with this approach and it is a bill every Member of this House can be proud to support.

Mr. BLATNIK. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, last year the Congress and the Nation took a great step forward when we enacted the Water Quality Act of 1965 which authorized the establishment of water quality standards on all the country's interstate rivers, lakes, and coastal waters. This act represents the first effort in the history of this Nation to attack the problem of water pollution on an entire river basis. It recognized the State's primary role in this field, by requiring the States to establish adequate water quality criteria applicable to interstate waters by June 30, 1967. The States water quality criteria plus the plan for enforcement will, when approved by the Secretary of the Interior, be the water quality standards for each waterway. All 50 States have filed with the Secretary of the Interior letters of intent to establish such vital standards of water quality.

Public opinion has clearly helped stem the tide against pollution. The Nation has been shocked into an awareness of the problem. Dedicated men and women in every State are determined that our great rivers and lakes will be cleansed and no longer used as cheap conveyors of municipal and industrial wastes. America now understands that our waterways no longer have the capacity to absorb the unwanted pollutants.

This contagious awareness of people everywhere has meant action and the President this year submitted new proposals designed to commit on a larger scale the resources of the Federal Government to the development of an adequate program designed "to clean and preserve entire river basins from their sources to their mouths." The administration sent to the Congress early this year a proposal which would attack the problems of pollution control on a river basin basis, but it did not extend and improve the present provisions of the Federal Water Pollution Control Act. In the other body, the Senator from Maine [Mr. MUSKIE] introduced S. 2947 which was cosponsored by 49 other Senators. Under the Senator's able leadership, S. 2947 passed the Senate by a vote of 90 to 0.

The bill (H.R. 16076) before you today combines the best features of the administration bill and the Senate passed bill.

It was reported by your committee unanimously. The great interest of the chairman of the committee, the gentleman from Maryland [Mr. FALLON], the hard work and untiring efforts of members of the committee of both parties, and particularly that of Congressman ROBERT JONES, of Alabama, have been of immeasurable assistance in the development of this important and vital bill which we have reported. A little later in these remarks I will review the provisions of the bill and briefly discuss the principal provisions.

Undoubtedly, the most critical domestic problem facing this country today with its wondrous resources is the problem of adequate supplies of water that is capable of use for all our domestic needs. It is a gigantic problem, because, until only recently, we have neglected, and even refused, to meet head on the problem of preventing the pollution of our waterways. Now we are confronted with the need to accelerate our efforts and shift into high gear, but not on a crash basis. We no longer can afford the luxury of allowing our wastes to flow untreated into our rivers, lakes, and coastal waters. We must begin now with imagination and vigor to take great strides not in words, but in deeds.

While water resources vary in different parts of the country, the United States as a whole is richly endowed with fresh water. But in this day and age, quantity cannot be considered apart from quality. We not only need large amounts of water to maintain our industrial-urban-agricultural economy, we need large quantities of usable water.

Fortunately, a grave shortage of water in this country is not inevitable, if we take appropriate steps to forestall it. There are three known means of increasing the amount of usable water.

One is the desalting of sea water, a development already in the large-scale pilot stage and destined for volume application in the not too distant future.

Another is artificial precipitation. Here again we are making great strides, but more research is needed before we can claim victory.

The third and most promising means of increasing our supply is through the reuse and recycling of existing water supplies.

Through effective pollution control, water can be used over and over again on its way to the sea. This we know. It is, to an extent, happening today. It is the course that we must pursue in the future with increasing intensity—building on past experience, taking full advantage of new knowledge as it develops. There is virtually no limit to the amount of usable water that can be created through the removal of wastes.

At the same time, it must be recognized that taking advantage of the water-creating potentials of pollution control is by no means easy. No longer are we dealing primarily with the simpler forms of organic wastes. We are dealing with an almost endless variety of wastes produced by a burgeoning technology. And we are dealing with wastes produced in volumes hardly envisioned a few years ago.

One of the most difficult and increasingly critical problems which must be met in water pollution control is the increased concentration of population and industry in and around urban centers. As these great urban-industrial complexes grow and merge, water pollution problems also grow and merge. By 1980 it is estimated that about 70 percent of our people will be concentrated in the cities and their suburbs. Joining in this rush into the urban area, or being encompassed by its growth, will be a large segment of industry. Thus, we can look

forward to the development of larger metropolitan complexes than we have today. Some demographers foresee vast supercities that will stretch hundreds of miles along our coasts and the Great Lakes, and to linear cities that will line all the great rivers and major highways. The water pollution problems such metropolitan complexes will cause staggers the imagination.

The tasks of collecting and treating the wastes from today's larger cities is already taxing our engineering and scientific knowledge. The concentrations of population and industry within our large cities produce vast quantities of complex wastes which often must be discharged into a single, and usually limited watercourse. Even when the best of today's waste treatment is applied, the sheer amount of the treated effluent causes serious pollution problems in the receiving streams.

The municipal waste treatment processes in use today were designed for the wastes and problems of 40 and more years ago. No essentially new or more effective processes have been developed. These conventional methods of sewage treatment will continue to be useful for many smaller cities for some time, but for the larger cities they are proving to be entirely inadequate. The volume, potency, and complexity of future municipal wastes can only result in the discharge of even larger and larger amounts of impurities into badly needed water resources if we continue to limit ourselves to apply presently known treatment processes.

From 1900 to 1960, industrial production as a whole increased by 800 percent but, in this same period, organic industrial pollution—of animal or vegetable origin such as meatpacking, food processing, paper, textiles—increased by 1,000 percent. The 1960 industrial waste production is expected to be doubled by 1980.

In addition to organic wastes, industry discharges large amounts of inorganic wastes—principally of mineral and chemical origin—resulting from the mining, processing, and manufacture of a wide variety of mineral, metal, and chemical products. In recent years, radioactive wastes have been of special concern.

A major new pollution problem has emerged with the growth of the synthetic chemical industry. This industry has grown so rapidly, and the number of new products it introduces annually, that relatively little is known of the pollutional characteristics of its products and wastes, including their toxicity to aquatic life, animals, and man. We do know that synthetic chemical products and wastes are very complex in composition and behavior, and are extremely stable and persistent in the water environment. We also know that many of these synthetic chemicals interfere with present-day water and waste treatment processes, making them less effective in removing the common pollutants while they are relatively unaffected by such treatments.

A third major source of water pollution is land drainage from both rural and urban areas. Pollution from rural land drainage has increased in recent years as a result of an increase in the use of agricultural pesticides and fertilizers, in irrigated agricultural practices, and in specialized farming having associate feedlots and facilities for beef raising, dairy farming, and poultry raising. In certain areas, natural salt deposits are an important source of pollution.

Another and increasing problem of land drainage water pollution is resulting from urban population and economic growth. Each year additional millions of acres of land are withdrawn for use for streets, highways, airports, housing, and other buildings. The runoff from these hard-surfaced areas is nearly 100 percent and will if all of the accumulated deposits—oils, organic matter, trash, soil, and industrial dusts, other air pollutants, fertilizers, and pesticides used by weekend horticulturists, and whatever else can be hydraulically washed into a catch basin or nearby stream.

In addition, municipalities with combined sewers are by-passing increasing amounts of storm water sewage as hard-surfaced areas and populations are increased. Only recently have pollution control agencies looked into the matter of urban land drainage and have found its pollution potential to be highly significant. A great deal of study of this important and growing problem is needed.

Water pollution is many problems—and it is a national problem. Water pollution control calls for action at all levels of government and by industry.

H.R. 16076, as reported from the House Committee on Public Works, provides a realistic and positive approach to water pollution control. Its provisions will help all our cities and municipalities to attain the goal of clean, pure water.

First. The bill extends the authorization for grants to build needed waste treatment plants to June 30, 1971. This authority is due to expire on June 30, 1967. Since 1956 the 7,051 grants have been made for projects costing a total of $3.793 billion. The Federal share of these projects was $803.4 million. Clearly this program has been successful and should be extended.

Second. The bill doubles the present dollar ceilings on construction grants for waste treatment works from $1.2 million to $2.4 million for a single project, and from $4.8 million to $9.6 million for a joint project serving two or more communities. The present 30-percent limitation remains the same, except that the bill provides a further incentive if the States participate in the project costs. The bill authorizes the Secretary to waive the increased dollar limitations and to pay up to 40 percent of the estimated reasonable construction costs of the project, if the State will pay 30 percent of the project costs.

Third. The bill authorizes a new approach to the problem of water pollution control as a logical extension of the Water Quality Act of 1965. The new clean rivers restoration program is oriented to controlling pollution on a basin basis.

Under this program the one or more Governors of an interstate agency in close cooperation with local communities, will develop pollution control and abatement basin plans. The plan will include, among other things, recommendations for the type and location of treatment works and the necessary steps to maintain and improve the quality of the waters consistent with applicable water quality standards. The bill provides that the Secretary may pay up to one-half of the planning costs. Once completed, the plan must be approved by the Secretary of the Interior and the Congress.

As an incentive to encourage the States and local communities to initiate basin planning, the bill authorizes up to 40 percent grants for the construction of waste treatment works without any dollar limits. In addition, this percentage can be increased to 50 percent if the States pay 25 percent of the project costs.

Originally, the administration proposed that the clean rivers program include a "one shot" financing scheme designed to shift the entire burden on local and State governments after the initial Federal grant. Your committee rejected this concept as unsound.

Fourth. The bill removes the present $5 million ceiling on research and authorizes up to $75 million for 3 fiscal years for all research and for research and demonstration grants. In addition, it authorizes grants to industry for research and demonstration projects that have industry-wide application.

Fifth. The bill provides for reimbursement to local communities, such as those in New York State, that initiate construction on approvable projects for which Federal funds were not available.

Sixth. The bill provides for the transfer of the Administration of the Oil Pollution Act of 1924 from the Secretary of the Army to the Secretary of the Interior.

Seventh. The bill authorizes a total appropriation for construction grants of $2.3 billion over 4 fiscal years beginning July 1, 1967.

This is $1 billion less than that authorized by the administration over 5 years. The bill also directs the Secretary of the Interior to develop and submit to the Congress by January 10, 1968, a cost estimate study. If the study reveals that larger amounts are needed before the end of fiscal year 1971, appropriate increases in future legislation can be made.

Let me discuss some of the provisions in H.R. 16076 in a little more detail.

The bill provides for two significant changes in the existing grant program, both of which should add to the effectiveness of the construction grant program.

The first is the doubling of the present dollar limitation on projects. The bill would make the maximum grants $2.4 million for an individual treatment plant and $9.6 million for a combined project.

Under present law the grants to this type of project cannot exceed 30 percent, and the dollar limitations come into play only when these limitations are less than 30 percent of the project cost. These dollar limitations can now be removed if the State agrees to contribute 30 percent

to all projects in the State receiving grants from the same allocation.

The second significant change is the provision for permitting an increase in the Federal contribution from 30 to 40 percent if the State contributes 30 percent. The provision removing the dollar limitations would be retained as in existing law.

If there is no State contribution, a project which costs $10 million could, under the bill, receive a maximum of $2.4 million. The community would have to pay $7.6 million.

If there is a State contribution of 30 percent for a $10 million project, the Federal contribution would be $4 million, and the State $3 million, leaving the local community only $3 million to pay. This will bring in many of the less prosperous cities which might not be able to raise sufficient revenue for the larger amounts.

We recognized the difficulties larger cities have in obtaining adequate Federal grants in the construction of their treatment facilities. The modification offered here will provide real assistance to many cities.

The introduction of the concept of an approved basin plan for incentive grants under title II, clean rivers restoration plan, is new in the field of water pollution. If a project is part of an approved plan for water pollution control and abatement in a river basin or in coastal waters, bays, lakes, or part thereof, it is eligible for an incentive grant. State approval of priorities is applicable, as in existing law.

The incentive grant amounts to 40 percent which is equivalent to 10 percent above the basic 30-percent grant provided in existing law.

There is no dollar limitation. The grant may be increased by another 10 percent, making a total of 50 percent, if the State agrees to contribute 25 percent for all projects for which Federal grants are made under this program for the same allocation.

In this case, the State matching requirement has been reduced to 25 percent so that the balance to be contributed by local communities would also be 25 percent.

Twelve States are now offering financial assistance to municipalities in construction of treatment facilities. In some instances this assistance is offered on a yearly continuing basis, and in one instance in the form of a payment based on a percentage of the original project cost but offered as a means of assisting in the financing of operation. The objective seems to be twofold: to provide State assistance at lower annual cost to the State and without the necessity for a large bonding issue and to assure continued good operation of the facilities. Such an approach is considered as acceptable as State financial assistance as long as the project cost to the State is equivalent to 30 percent of the original project cost.

The use of the term "basin" does not mean to imply that the plan as developed should be only for the large river basins or coastal areas, such as the Missouri and Ohio Rivers, the gulf coast, or one or more of the Great Lakes. The basin for which plans may be developed may vary all the way from very small basins to large ones. They can be tributaries to a main stream, or they can be parts of a main stream together with its tributaries between two points. They could be small streams flowing into the ocean, the gulf, or the Great Lakes. They can also be combinations of these basins. In other words, the concept of "basin" is intended to imply a plan which has interdependent units, each of which must work in conjunction with the others. If an area under study is composed of several of the smaller basins, such as along the coast or in the Great Lakes, these may be grouped together in one overall basin if it helps in the definition of the problem and in the formulation of plans to produce the end result. In other words, the term "basin" is not intended to be primarily a geographic description, but rather a term for whatever physical outline, large or small, is best fitted to a study of the pollution control problem. Secretary Udall told the committee:

> Let me emphasize that when we refer to "clean rivers," we are not merely referring to a program. In fact, "clean rivers" is not as descriptive a term as it might be to a program which is not limited, or which would not limit its aid or its organization merely to rivers, whether they are larger rivers or small rivers, interstate or intrastate. We envision a program, and the legislation recommended is so intended, whereby cities on lakes which share the waters of the lakes, such as the Great Lakes cities, or even seacoast cities, which may have a large or have a small river, or what we would call a very limited river basin, could all participate. In other words, all the cities, all the municipalities of this country would and should qualify under this "clean rivers" concept.

After the Secretary approves a basin pollution control and abatement plan, he shall transmit it, together with all views, comments, and recommendations received from any department, agency, or instrumentality of the Federal Government, to the Congress for approval which must be by a specific statute.

An exception is made in the case of the Tennessee and Delaware Rivers where the Tennessee Valley Authority and the Delaware River Basin Commission may develop a plan and transmit it directly to Congress for approval.

A new provision has been added to the bill covering grants to industries for research and demonstration projects for the treatment of industrial and other waste which shall have industry-wide application. The reason for the addition of industrial grants is recognition of the fact that industry, which was at one time less of a polluter than municipalities and communities, has now become a major polluter. The complexity of some industrial waste problems requires the active involvement of industry itself which has intimate knowledge of manufacturing and other industrial processing operations. The stipulation that 70 percent of the cost of such investigations be borne by the Federal Government should be an inducement to have industrial support and participation in the studies.

We should not belabor industry for its growing contribution to this problem. Nothing will be gained by attempting to fix blame. The problem is here and it must be solved or some future generation will be worrying about clean oceans. More should be done by industry, and we were pleased to note that during the hearings evidence was presented to show that industry is attempting to do its part.

The Federal Government should do its part, too, and particularly should also the States, in helping in the solution of this problem, certainly, in developing means for controlling it. The inclusion of specific grants to industry for research is based upon the same concept as in existing law for grants to public and private agencies and institutions for research in this field. It would be of little value if we solved the technical means of preventing or alleviating the sewage from municipalities and failed to lend necessary assistance to research for the disposal of waste emanating from the various types of industrial and manufacturing processes.

Industrial research should not be limited to the technology of waste treatment. It should also include an investigation of possible financial methods of providing for this treatment, including methods of providing treatment works to the smaller industries on an installment basis. If a small company is faced with the necessity of putting in extensive treatment works as a result of Federal and State laws or public pressure, such financing could be helpful.

We believe that this bill offers a fine opportunity to take aggressive action to eliminate what some have termed a national disgrace. Surely, we must try for there is certainly no more urgent domestic problem facing us today than water pollution control. As President Johnson said:

> No one has a right to use America's rivers and America's waterways that belong to all the people as a sewer. The banks of a river may belong to one man or one industry or one State, but the waters which flow between those banks should belong to all the people.

I recommend to the House the passage of H.R. 16076.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I am pleased to yield to my dear friend and colleague, one of the leaders in this whole field of water utilization as well as preservation, the gentleman from Alabama [Mr. JONES].

Mr. JONES of Alabama. Mr. Chairman, no one has been more dedicated, more knowledgeable, or more useful in the cause of pollution abatement than has the chairman of the subcommittee who handled this bill. The Committee on Public Works as a whole has dedicated themselves to the arrest and the eradication of pollution problems wherever they exist. So I think the gains that we have made have been prominent. They have been of great national benefit. The problems are large. They are outstanding, and they certainly will require our constant attention.

But as long as the Congress of the United States has in it the gentleman from Minnesota [Mr. BLATNIK] with his zeal and his constant desire to improve our situation, we all stand in good stead.

I believe it is necessary for us to recognize and to give proper value to the gentleman from Minnesota [Mr. BLATNIK] and to the members of the Committee on Public Works for the distance we have gained to the present moment.

Mr. BLATNIK. The gentleman is certainly most generous. He is genuinely sincere, as always, in his comments. I do appreciate them deeply.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I am delighted to yield to the distinguished chairman of the Committee on Science and Astronautics.

Mr. MILLER. I should like to congratulate the gentleman in the well [Mr. BLATNIK] and the chairman of the Committee on Public Works, the distinguished gentleman from Maryland [Mr. FALLON], and the distinguished gentleman from Alabama [Mr. JONES], who have been the leaders in getting this legislation to the floor.

I congratulate the gentleman from Minnesota particularly, for having authored the legislation and for having been the foremost champion of stream pollution control in the House of Representatives.

The Committee on Science and Astronautics is making a very exhaustive study of the whole field of pollution because it is one which crosses the jurisdiction of many committees and must be attacked. We do not propose legislation, but we hope to lay down a blueprint of what can be done in the future.

I believe the gentleman will agree with me that today we are groping for a solution to the problem of stream pollution, which will go far beyond anything we see today. That also is true of air pollution.

One of the things which is responsible for this is the massive population growth and the inability of those who have gone before us to understand the effect this has upon our way of life.

I am happy that there are in the Congress of the United States people on both sides of the aisle and in the great Committee on Public Works who realize this and are attacking it to the best of their ability today.

I thank the gentleman for what he is doing.

Mr. BLATNIK. I appreciate the remarks, which come from a distinguished and respected chairman of an outstanding committee. We know the work the gentleman has done on other aspects of water and oceanographic studies and, currently, the very excellent series of hearings conducted by the chairman of the subcommittee [Mr. DADDARIO] on the need for further research, new techniques and applications, and some new knowledge, either known or yet to be proved.

It must be admitted, and I am rather sad to confess it, that we have so neglected technological advances in this lowly and mundane field of water pollution control that frankly the modern-day pollution control plant is very little advanced over the one that was built 50 years ago. As the gentleman from Alabama [Mr. JONES] pointed out, in one of the findings during the hearings that his subcommittee of the Committee on Government Operations held, believe it or not, even with secondary treatment in municipal plants there is a high degree of complicated pollutants such as metallic substances, oxides, inorganic materials and organic materials, chemicals, synthetic fibers, and detergents that are still a real problem and manage to slip through the pollution abatement plants. It is just like trying to shake taffy off of your fingers. You just cannot do it.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the distinguished gentleman from Wisconsin.

Mr. REUSS. Mr. Chairman, I want to add my voice to the many that have praised the great work and leadership of the gentleman from Minnesota [Mr. BLATNIK] and his colleagues on both sides of the aisle, in bringing here to the floor of the House this afternoon what I am sure will prove to be truly a piece of landmark conservation legislation.

Mr. Chairman, I listened very carefully to the distinguished gentleman from Minnesota, and to his description of the bill, and a very vital part of the bill is that portion which seeks to get the States to contribute to municipalities which have to build waste treatment plants.

An additional Federal incentive is given when the State agrees to pay at least 25 percent—30 percent of the estimated reasonable cost of the project.

Mr. Chairman, Wisconsin's 1966 water pollution law, described by Secretary Udall as a model, provides that the State shall pay up to 33⅓ percent of the total combined cost of the project costs and the net interest and financing costs, in equal annual amounts to be paid during the life of the bonds issued by the municipality.

Under the Wisconsin law let us suppose a waste treatment plant in a river basin costing $1 million to construct. The Federal contribution of 50 percent would be $500,000. The non-Federal costs of $500,000 would be met by a bond issue, on which the interest over a 20-year period at 5 percent would be an additional $500,000. The contribution by the State of Wisconsin under its 1966 water pollution law would be $500,000—33⅓ percent of $1,500,000, the total combined costs of the project and the net interest and financing costs. In such a case, the State of Wisconsin would seem to have amply met the requirement that it pay 25 percent of the estimated reasonable cost of the project—in other words, 25 percent of $1 million, or $250,000.

In the judgment of the gentleman from Minnesota, would this Wisconsin system of State help for municipalities adequately comply with the bill, H.R. 16706?

Mr. BLATNIK. Yes, in my opinion I am confident the Wisconsin system would be in full compliance.

I, too, want to join in commending the leadership of the State of Wisconsin for her State law. There are only 12 out of the 50 States that are giving some form of assistance or support to municipalities in water pollution.

I hope with the coming of this new year in January we will at least have perhaps two-thirds of the State legislatures in session and I am hopeful that with the existing bill becoming the law of the land, that it will serve notice and be an encouragement to other States to do something quite similar.

I am quite certain that the provisions of this bill would justify reimbursement and that the State of Wisconsin would be in compliance with the provisions of this bill.

Mr. REUSS. Mr. Chairman, I thank the gentleman and I commend him again for his contribution toward creative federalism.

Mr. STALBAUM. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman.

Mr. STALBAUM. Mr. Chairman, I too want to join in commending the gentleman from Minnesota [Mr. BLATNIK] and the gentleman from Alabama [Mr. JONES] and others in bringing forth water pollution legislation not only this year but in the preceding years prior to my arrival on the scence in Washington.

As we are well aware, where we have large areas of lake frontage such as I have in my district, water pollution is always a problem both as to the streams that flow into the lake itself and the lake itself.

I think the gentleman from Minnesota [Mr. BLATNIK] is to be commended.

Mr. Chairman, I did rise, however, to clear up a specific point which the gentleman from Minnesota has made reference to.

I wonder whether I understood correctly, and I ask this primarily for the purpose of clarification—am I right or did I hear the gentleman correctly in his statement that under this bill projects can be started with some preliminary approval and grants can be made at a later date?

Mr. BLATNIK. Yes.

Mr. STALBAUM. This is new in this particular legislation, as I understand it.

Mr. BLATNIK. You are correct. It is new in this legislation, but it is something that is quite common and has been followed for quite some years in the highway programs in which we have reimbursed States who have proceeded faster than the schedule called for.

Mr. STALBAUM. Mr. Chairman, I want to commend the committee for including this. As one who has been working on various grants-in-aid to municipalities and being new on the scene, as I mentioned, I find one of the most frustrating items is the fact that a community will get all steamed up and they want to go ahead with a very fine project, and seek to have the funds appropriated, and for one reason or another they cannot be approved that year and they tend to defer action. I recall, for instance, an editorial in one of my more prominently daily papers after I introduced the pollution bill. This paper, although normally very conservative in nature, has long supported efforts to

abate water pollution. I thought they would come out with a very fine editorial in support of my efforts where we were going to get some 90 percent funds in my project if the bill had gone through—and I appreciate your efforts here—the end result was that in the editorial they said that they felt that my legislation was going to set back water pollution control because municipalities would keep on waiting, hoping to get additional percentages and be assured of their funds.

So I feel that by permitting municipalities and other groups, or groups of municipalities and States to go ahead with their projects and get preliminary approval and not have to wait for the grant of moneys before they can start on these projects in a small way, that you will be encouraging immediate action by these municipalities, and not have the delays we have seen in legislation up to this time.

I am particularly pleased to see this included in this particular act and I am only hopeful we can get it in other similar acts that will be considered in this Congress.

Mr. BLATNIK. I thank the gentleman for his comments.

Mr. ROUDEBUSH. Mr. Chairman, will the gentleman yield?

Mr. BLATNIK. I yield to the gentleman.

Mr. ROUDEBUSH. Mr. Chairman, I rise in the strong support of this legislation.

Mr. Chairman, I rise today in support of the enactment of this worthwhile piece of legislation which will have the effect of accelerating the Federal water pollution control effort.

The bill before us will help the national effort to abate and control the pollution of this Nation's water probably more than any other Federal water pollution control bill ever enacted by the Congress. The reported bill not only provides additional funds for the various research programs in an effort to determine ways in which the waters of America can be better treated so as to obtain maximum purity, but it also substantially increases the authorizations to construct necessary sewage treatment works.

The inclusion of additional inducements to the States in this bill to participate more fully in the financial contributions toward the costs of the construction of sewage treatment works is commendable. Last year's act made significant steps toward greater State financial participation in meeting the cost of constructing sewage treatment works, and it is encouraging to see that this bill has included additional inducements to the States. This long-held Republican position of inducements to the States, held firmly by the minority Members since 1959, has greatly improved the Federal water pollution control effort.

The State of Indiana has made some strides toward controlling pollution within its borders, but the additional inducements provided in last year's act and this year's bill should permit it to make even greater financial participation efforts. The State of Indiana does not have any legislation which provides tax relief for water pollution control, although the 1965 general assembly enacted a law exempting stationary industrial air purification systems from taxation by the State of Indiana and any political subdivision. The 1965 general assembly did enact a law creating an industrial development fund from which loans may be made to municipalities for construction that will aid in the growth of industry within the Hoosier State. Loans may be made for any period not to exceed 10 years and shall bear interest at the rate of 2 percent per annum.

Mr. Chairman, several months ago I introduced a bill to amend the Internal Revenue Code of 1954 so as to encourage the prevention of water pollution by allowing the cost of treatment works for the abatement of water pollution to be amortized at an accelerated rate for income tax purposes. The bill before us today authorizes the Secretary of the Interior to conduct a study to determine ways in which industry, the largest single source of pollution, can more fully participate in the construction of facilities to control its own pollution without having to pass the expense on to the ultimate consumers of the products. The study is to include recommendations on tax incentives. I hope that the Secretary includes in this study recommendations for the needed amendments to the Internal Revenue Code to permit such accelerated amortization.

Mr. Chairman, I have strongly supported the enactment of water pollution control legislation in the past, for I sincerely feel that the control of pollution of our Nation's waters and the related abatement of those waters is essential for the long-range development of our Nation which relies so greatly on the quality of our water.

I strongly support the enactment of the bill before us today and I urge its enactment.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Chairman, and Members of the Committee, I rise in support of this important legislation. I am proud to report to the House, as did the gentleman from Minnesota [Mr. BLATNIK], that H.R. 16076 was voted out of the committee unanimously this year as was last year's Water Quality Act of 1965. From the first Federal water pollution control bill which was enacted in 1956, which I and several other Members had the privilege of cosponsoring, Congress has declared and carried out a war on water pollution. Congress is hereby declaring war on those who with destructive ignorance and with apparently vandalistic abandonment have polluted and clogged the once-sparkling rivers of our land. They have polluted and clogged the very arteries of our Nation with filth and have affected the health and welfare of our Nation adversely.

Adequate clean water is a challenge to the ingenuity of mankind and to the determination of Congress. It is a challenge that we must meet and we are to a large extent meeting it here today.

The substance of life and the long-range future not only of our Nation but of the world hangs in the balance on what Congress does in this year and succeeding years, on what industry does in the future, and on what the people themselves do in the future to preserve clean water and to abate and control water pollution.

It is a sad commentary that we, as the greatest Nation in the world with the most powerful legislative body in the world and with the greatest resources available to us in the world have within a stone's throw of the Nation's Capitol one of the filthiest rivers in the world—the Potomac. That is a clear-cut example and one well known to us that action is critically needed in cleaning up the rivers of America.

I am proud to rise in support of this bill. I do not intend to duplicate the remarks of the gentleman from Minnesota, [Mr. BLATNIK], but very briefly the bill provides for quite a substantial increase in authorizations for sewage treatment plants. It provides for $2.3 billion additional through fiscal year 1971. Next year the authorization will be twice the present authorization of $150 million per annum, or $300 million; the following year $400 million, or 2⅔ times the present authorization; the next year, fiscal year 1970, $650 million, or 4⅓ times the present level; and the next year fiscal year 1971, some 6⅓ times the present sewage treatment works construction program, or $950 million.

I believe this is as fast as the communities and municipalities can tool up for the job. It is a responsible approach. It will provide the necessary incentives to those communities to do more. With these incentives provided in this bill, it is my belief that next year there will be twice as much; the next year almost three times as much; the next year nearly five times as much; and the next year nearly seven times as much construction. With the essential incentives provided in this bill and for which we on our side have been fighting for a number of years, if the States put up 25 percent, an additional 10 percent, making it from 30 to 40 percent, will be available for Federal matching for the costs of constructing sewage treatment plants.

If in fact a clean river basin is established, and additional 10-percent incentive is provided, meaning 50 percent maximum Federal.

So every possible incentive is being offered to the local communities to go ahead with sewage treatment plant construction, with secondary treatment facilities included, so that our streams can be cleaned up.

I want to stress, however, that the bill in itself is not an arrangement; the bill in itself is not the total answer, albeit a major step. Providing money for sewage treatment plants is only one aspect of the total solution and scope of the problem. Sewage treatment is one pollutant. There are many others. There is industrial pollution. There is sewage drainage pollution. There is agricultural pollution. Nature itself contributes through increased growths of nitrogenous algae. These are not being treated other than in a study or research

manner with $75 million a year provided and with general research provisions.

Industry must face up to its responsibility. We must provide the tools with which industry can do the job.

This bill provides, in section 211 thereof, for a study to determine possible future incentives for industry to join in the antipollution fight. I am glad to see that we did not take away the 7-percent investment credit to industries in the vote today on the floor of the House on the tax investment credit bill. I congratulate the gentleman from California [Mr. DON H. CLAUSEN], who offered this new section in the form of an amendment, for such a farsighted move.

Additional incentives are needed for industry to do this job. When the bill came before us it had three major provisions as recommended by the administration:

First. It had a provision for clean river restoration, setting up basin approaches, which must be the approach for cleaning up our rivers.

Second. It provided for no additional financing. At that time the administration did not recommend it, although later the administration came up with a $2.4 billion recommendation.

Third. It provided for amendments relating to enforcement. I am glad to see that our committee was responsible in not acting on amendments to enforcement provisions when just last year we passed a sound enforcement procedure just presently getting underway under which States are to provide a plan for abatement and proposed standards by June 30 of 1967.

We do not want to shake up the Federal Water Pollution Control Administration again. We just transferred it from HEW to Interior on May 10. We just completely changed their authority and responsibilities in the bill last year. So I believe it is sensible to let them settle down to business with cleaning up America's streams, and providing the standards and encouraging the States and local communities to do their jobs, rather than shaking them up again this year.

So I am glad to see that the committee felt that that was a sound approach, and no additional amendments to the enforcement provisions were proposed in this bill.

Mr. Chairman, I think we have a bill that is justified on almost any grounds. It is consistent with the President's recommendation. I want to congratulate the committee for recognizing in this instance fiscal responsibility in limiting the spending to that recommended by the President.

ADDITIONAL FEDERAL WATER POLLUTION CONTROL PROGRAMS

Mr. Chairman, the minority members of the committee in their additional views on H.R. 16076, as reported, spelled out a number of programs, other than the Federal Water Pollution Control Act, as amended, through which funds can be obtained for water pollution control programs. It is our belief that those who advocate increased authorizations to the level of a crash program are guided by their emotions more than by facts and evidences as to actual needs. They overlook other Federal programs which provide financial assistance in the construction of sewage treatment works and related facilities. There are no less than five Federal assistance programs which provide some type of funds for water pollution control programs and projects.

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

Under this act, Federal grants up to 50 percent of the total cost and loans up to 100 percent of the total cost are available for "the acquisition of land and improvements for public works, public service, or development facility usage, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment" within redevelopment areas. Sewage treatment works can be and have been financed under this act.

In addition to this, section 101 of the act authorizes "supplementary grants" for the purpose of increasing the Federal contribution up to 80 percent of the cost of projects constructed under other Federal grant-in-aid programs, including sewage treatment works financed under the Federal Water Pollution Act.

Under the act, specific amounts are not set aside for sewage treatment plants, but a total of $500 million is authorized for all grants and supplemental grants for the fiscal years 1966–69, inclusive, and annual appropriations for making and participating in loans are authorized up to $170 million for fiscal years 1966–70, inclusive.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

The Housing and Urban Development Act of 1965, Public Law 89–117, provides for Federal grants of up to 50 percent of the total cost of the project to finance specific projects for basic public water facilities, including works for storage, treatment, purification, and distribution of water, and for basic public sewer facilities in areas with comprehensive planning as defined in the act except those works and facilities eligible under the provisions of the Federal Water Pollution Control Act, as amended. Such Federal grants may also be made for the advance purchase of land to be utilized for future construction of works thereon. There is some question as to whether or not such funds are being used to construct works and facilities which are eligible under the Federal Water Pollution Control Act. The act authorized $200 million per annum for each of the fiscal years 1966, 1967, 1968, and 1969, exclusively, for such purposes totaling another $800 million from the Federal Treasury.

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

This act, Public Law 89–4, authorizes the Secretary of the Interior to make grants for the construction of sewage treatment works in the Appalachian region in accordance with the provisions of the Federal Water Pollution Control Act, as amended. The act authorizes a sum not to exceed $6 million to be appropriated for the program.

In addition to this, section 214 of the act authorizes "supplementary grants" to increase the Federal contribution up to 80 percent of the cost of constructing projects under other Federal grant-in-aid programs, including sewage treatment works under the Federal Water Pollution Act. A total of $90 million is available for making "supplementary grants" under section 214.

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT, AS AMENDED

Under this act, as amended in 1965—Public Law 89–240—the Secretary of Agriculture may make grants totaling up to $50 million each fiscal year to finance "specific projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas."

In addition to this, the act—as amended by Public Law 89–240—authorizes the Secretary to make or insure loans to finance—among other things—the "conservation, development, use, and control of water, and the installation or improvement of drainage or waste disposal facilities" in rural areas.

As used in the act, the term "rural areas" does not include any area in any city or town which has a population of more than 5,500 inhabitants, thus assuring that the financial assistance will go to those areas which are least likely to have adequate taxing authority, bonding capacity, or other financial resources.

PUBLIC FACILITY LOANS—42 U.S.C. 1941–1947

This program provides long-term construction loans to local public agencies for needed public works for which financing is not otherwise available on reasonable terms and conditions. Loans may be made to finance up to 100 percent of the project cost for a wide range of non-Federal public works, including sewage treatment works.

Mr. Chairman, title II of the Demonstration Cities Act of 1966, as reported by the House Committee on Banking and Currency, provides for Federal grants of up to 70 percent of the total costs for facilities within a metropolitan area as defined in the act and meeting all qualifications for metropolitan comprehensive planning set forth therein. Water pollution control and sewage treatment facilities are eligible for such assistance under the provisions of the bill, if enacted in its present form.

REIMBURSEMENT PROVISIONS—SECTION 207 OF H.R. 16076, AS REPORTED

Mr. Chairman, on March 15 of this year, I introduced a bill, H.R. 13655, to amend section 8 of the Federal Water Pollution Control Act to include a new subsection (h) thereof to authorize reimbursement of States, municipalities, and intermunicipal or interstate agencies that wish to undertake the construction of sewage treatment works in advance of the availability of Federal funds. The gentleman from New Hampshire [Mr. CLEVELAND] introduced an identical bill on that same date. Existing law contains no provision for Federal reimbursement to those entities for the construction of sewage treatment works in

advance of the availability of Federal participating funds.

Although similar bills for Federal reimbursement had previously been introduced this Congress, H.R. 13655 was the first measure whose provisions for reimbursement for the construction of sewage treatment works had general, nationwide application. Most previously introduced bills had provided for reimbursement only to States which use the proceeds of bonds issued by the State, county, city, or other political subdivision of the State for the construction of one or more projects which would otherwise have been eligible for a grant under the provisions of section 8 of the act. Inasmuch as those measures were too limited in their application to a national need, being particularly limited at this time to the State of New York, I felt it essential that legislation be introduced to provide for a method of reimbursing those entities recognized in the act as having authority to receive grants under its provisions and subsequently did so.

The need for reimbursement procedures in the act has been evident to me as the ranking minority member on the committee for some time. It is encouraging to see that the committee has adopted the position held by certain minority members of the committee that reimbursement procedures are essential to continue accelerated construction programs in a number of States and to encourage others to move ahead with construction projects in advance of the availability of Federal participating funds. The expansion contained in my bill to provide for reimbursement to States, municipalities, intermunicipal agencies and interstate agencies will meet the requirements of the program more effectively than merely providing for the States being able to claim payment of any portion of sums allotted or reallotted under section 8 as previously introduced bills would have done.

The minority members of the committee have advocated greater financial participation by the States in the construction of sewage treatment works for many years, particularly since 1959. Due to a great extent upon the insistence of the minority members that additional authorizations for appropriations should be coupled with inducements to the States to participate in the cost of constructing sewage treatment works, the Water Quality Act of 1965 contained, for the very first time, measures to bring the States into the financing of the cost of construction of sewage treatment works under the provisions of the Federal Water Pollution Control Act, as amended. The adoption of additional inducements to the States for participation in the construction program and the providing of procedures for Federal reimbursement in H.R. 16076, as reported, are a continuation and an extension of this long-held minority position of greater State participation.

My bill, H.R. 13655, provided that if, prior to commencement of construction of any treatment works in advance of the availability of funds for a grant under section 8 of the act, the Secretary of the Interior approves such a project, and the State, municipality, intermunicipal, or interstate agency thereafter constructs such a project and submits an application to the Secretary approved by the appropriate State water pollution control agency or agencies for a grant for such project, the Secretary, upon his approval of such application, would be authorized to make a grant under section 8 for such project to be paid from future appropriations. The bill provides, however, that no such grant shall be made unless all of the provisions of the Federal Water Pollution Control Act have been complied with to the same extent and with the same effect as though the grant were to be made for future construction of the project and that no grant shall be made in an amount exceeding a grant which would otherwise be made under the section for the future construction of the project.

Under the provisions of H.R. 13655, neither an approval of the projects by the Secretary of the Interior prior to construction, nor the making of a grant by the Secretary for a project to be paid from future appropriation, nor any other provision of the new subsection (h) which my bill would add to section 8, shall be construed to constitute a commitment or obligation of the United States to provide funds to make or pay any grant for a project.

The substantive text of my bill has been included, word for word, as section 207 of H.R. 16076, as reported by the committee.

Mr. Chairman, for the benefit of this discussion and for the benefit of the Members, the new section 207 of the reported bill reads as follows:

SEC. 207. (a) Section 8 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new subsection:

"(h) If, prior to commencement of construction of any treatment works in advance of the availability of funds for a grant under this section, the Secretary approves such project, and the State, municipally, intermunicipal, or interstate agency thereafter constructs such project and submits an application to the Secretary approved by the appropriate State water pollution control agency or agencies for a grant for such project, the Secretary, upon his approval of such application, is authorized to make a grant under this section for such project to be paid from future appropriations. No such grant shall be made (1) unless all of the provisions of this Act have been complied with to the same extent and with the same effect as though the grant were to be made for future construction of the project, (2) in an amount exceeding a grant which would otherwise be made under this section for the future construction of such project. Neither an approval of the project by the Secretary prior to construction, nor the making of a grant by the Secretary for a project to be paid from a future appropriation, nor any other provision of this subsection, shall be construed to constitute a commitment or obligation of the United States to provide funds to make or pay any grant for a project."

(b) The amendment made by subsection (a) of this section shall apply to any project on which construction is initiated after June 30, 1966, except that in the case of any project on which construction was initiated after June 30, 1966, and before the date of enactment of this Act, the Secretary may approve such project for the purposes of section 8(h) of the Federal Water Pollution Control Act subsequent to the commencement of construction.

The inclusion of provisions establishing reimbursement procedures for the construction of sewage treatment works recognizes in legislation for the first time that the Federal Government needs to provide some procedures for reimbursement to those entities which are moving ahead with their construction programs at a rate in excess of the availability of Federal funds to participate in such construction, while at the same time giving notice that such provisions shall not be construed to constitute a commitment or obligation of the United States to provide funds to make or pay any grant for a project to be funded from future appropriations.

While keeping in mind that the new subsection 8(h) does not constitute a commitment or obligation of the United States, it will permit many States, municipalities, intermunicipal agencies, and interstate agencies who are meeting their responsibilities in the area of water pollution control with determined efforts to clean up their rivers and streams and who have, consequently, accelerated their construction programs to continue or even further accelerate those programs with the understanding that reimbursements provisions are contained in the law.

Hopefully, with the incentives to the States contained in the reported bill this year, and with means for reimbursement available, if this bill is enacted, along with the incentives to the States contained in the Water Quality Act of last year, many more States will accelerate their construction program. Water pollution is a problem which must be met with by the exercise of responsibility on all levels of government—Federal, State, and local. This can only be done effectively through making it worthwhile for the States to participate in the construction of sewage treatment works.

As I have already pointed out, section 207 of the reported bill provides for reimbursement for the construction of any treatment works initiated after June 30, 1966, in advance of the availability of funds for a grant, subject to five qualifications which have been spelled out in the committee report on the bill, House Report No. 2021. These five qualifications are:

First. The Secretary of the Interior must approve the project prior to commencement of construction, except for projects initiated after June 30, 1966, and before the date of enactment of this act which he may approve subsequent to commencement of construction.

Second. The State or appropriate agency which constructs the project must submit an application to the Secretary, approved by the appropriate State water pollution control agency, for a grant for the project.

Third. Upon his approval of the application, the Secretary is authorized to make a grant for such project to be paid from future appropriations.

Fourth. All provisions of the act must have been complied with to the same extent and with the same effect as though

the grant were to be made for future construction of the project.

Fifth. The approval of the project by the Secretary, or the making of a grant, shall not be construed to constitute a commitment or obligation of the United States to provide funds.

This reimbursement provision applies to grants made under the authority of section 8, as amended, and does not apply to grants under title II of the clean river restoration program.

Mr. Chairman, the inclusion of provisions for reimbursement for the construction of sewage treatment works is a step forward in this highly important program.

Mr. Chairman, I believe that limiting this to what our present evidence and present experience shows probably is the maximum capability for these communities in sewage treatment plants for the next four years is a wise move. Should evidence be brought to the attention of Congress in future years that additional money is needed in those future years, we can then consider that additional evidence.

I ask for support by the House of this bill. I hope it will pass unanimously, as did the bill last year, which was a major step in cleaning up America's streams.

STUDY FOR WATER POLLUTION CONTROL TAX INCENTIVES TO INDUSTRY

Mr. Chairman, the Committee on Public Works included a new section 211 of the bill, H.R. 16076, the Water Pollution Control Act of 1966. The new section authorizes the Secretary of the Interior to conduct a full and complete investigation and study of methods for providing incentives designed to assist in the construction of facilities and works by industry designed to reduce or abate water pollution. The study shall include, but not be limited to, the possible use of tax incentives as well as other methods of financial assistance. In carrying out the study, the Secretary of the Interior shall consult with the Secretary of the Treasury as well as the head of any other appropriate department or agency of the Federal Government.

As the new section 211 is written, as reported, there is no date by which the Secretary is to make the report to Congress. I understand the gentleman from Ohio [Mr. HARSHA] will offer an amendment, at the appropriate time in today's consideration of the bill, to require the Secretary to make the report to Congress on or before June 30, 1968. I hope this amendment is accepted by the leadership, and I am confident that it will be accepted by them.

The inclusion of this amendment, its enactment, and the subsequent report of the Secretary should aid the Congress greatly in determining what the role of industry should be in the overall effort to clean up America's waterways.

This amendment brings to the fore the overall question of tax incentives to industry for the construction of sewage treatment works, and at this point in my remarks today, I will not dwell at any great length on it; however, in the near future I intend to make a detailed explanation of this entire area of water pollution control to the Members for their benefit. The action just taken by the House to exclude facilities for air and water pollution control from the suspension of the tax investment credit under the Internal Revenue Code of 1954 does not go to the center of this overall issue on such facilities, although it is a landmark in the recognition by Congress of the need to provide for accelerated amortization of air and water pollution treatment facilities constructed by industries.

Mr. REID of New York. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from New York.

Mr. REID of New York. I commend the gentleman in the well for this statement and for his initiative and work on the committee. I rise in support of this legislation; however I should like to ask him a question about the formula.

As I understand it, if there is no State matching of individual project grants, the formula would be 30 percent or $2.4 million for an individual project, whichever is the smaller of the two.

Mr. CRAMER. That is under the present law, Public Law 560, as amended.

Mr. REID of New York. Under the present law. Then it would be 30 percent or $9.6 million for two or more municipalities, whichever figure is the smaller of the two. And if there is a State matching grant of 30 percent, the dollar limitation would be removed entirely and the Federal share would go to 40 percent, and additionally it would go to 50 percent if there were a river basin approach.

Mr. CRAMER. That is correct.

Mr. REID of New York. In other words, in the case of New York, which has a $1.7 billion program, this would permit a matching of either 40 or 50 percent, depending upon the approach of the State or States.

Mr. CRAMER. So long as the State matching equaled 25 percent of the total cost of the project.

Mr. REID of New York. I wish to say that I believe the new Federal matching-grant formula is a significant advance which is very important to our State and to Westchester County and Long Island Sound. I commend the gentleman for his statement.

Mr. CRAMER. I thank the gentleman. Of course, this effort to get the States into the picture is a result of the work last year. This 10-percent incentive, I believe, will result in the States coming into the picture more and more. It will have the effect of a partnership program, Federal-State-local, and also it will have the effect of cutting back the Federal money needed in the future.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I am glad to yield to the gentleman from New Hampshire.

Mr. CLEVELAND. I am glad that attention is being paid to the fact that in this legislation a significant advance is being made in encouraging those States which are already doing something in this area to do more and encouraging those States doing nothing to come into the picture.

As the gentleman knows, we discussed this at great length in the committee and during a good many sessions of that committee. I believe that one of the really significant features of this legislation is the extra 10-percent incentive grant given to States, such as my own State of New Hampshire, which have already gotten into this with both feet.

As the gentleman knows, New Hampshire has the largest contribution of any State in the Union. It is now up to 40 percent. There are other States which are up to 30 percent.

This extra 10-percent bonus under this act I believe is one of the most significant phases of the legislation.

The gentleman from Florida is to be commended, along with the other members of the committee, for helping me to get this feature into the bill and to keep it in the bill.

New Hampshire also gives a property tax abatement for pollution abatement installations by private industries. This is why I have proposed and fought for a Federal tax credit as an incentive to industry to join the battle against pollution and to follow New Hampshire's lead. Our action earlier today in adopting the Byrnes amendment to continue the investment tax credit for pollution abatement installation is a step in this direction.

Mr. CRAMER. The gentleman is correct. I congratulate the gentleman for the services he rendered not only to his State but also to the Nation in providing for these incentive additional amounts not only to his State but to other States.

I believe this is the key, really, to effective programs in the future. I congratulate the gentleman.

The gentleman also supported the effort, in section 207, to reimburse for projects already constructed under proper conditions, which is a matter the gentleman in the well was quite interested in.

The gentleman from New Hampshire [Mr. CLEVELAND] has helped the committee with his knowledge in the pollution abatement field. Apparently, his State is a leader in this respect, and the gentleman's long experience in the New Hampshire State Senate has brought fresh insights to the work of our committee. He can take full measure of credit for the 10-percent bonus incentive features of this legislation for which he fought and argued persuasively in committee. The people of his district should be proud of him and the Nation gratified for his contributions.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Indiana.

Mr. HALLECK. It is late, and I do not wish to prolong the debate, but I wish to remark, as I suppose almost the newest member of the great Committee on Public Works, it has been a real pleasure for me to work along with the other members of the committee in the development of this bill. I am happy to see it brought to passage today. I am sure it will be good for the whole country.

Mr. CRAMER. I thank the gentleman from Indiana.

I wish to say that I am proud, and rather humble, I might add, to be serving on the committee with the gentleman. It is the way things go in Washington that I have seniority on the committee greater than that of the gentleman from Indiana. The gentleman has done a tremendous job in working not only on the water pollution control bill but also on many other matters before the Public Works Committee. I for one am doubly proud to have him as a member of that committee.

Mr. REID of New York. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from New York.

Mr. REID of New York. I should like to thank the gentleman and also the majority for the new formula of assistance they are giving to the State of New York. In its first 6 months the pure water program had already expended $493 million. I believe the additional help authorized in this bill will be vital to the New York program and highly consistent with what we are trying to do in the State of New York.

Mr. CRAMER. I thank the gentleman.

Mr. DON H. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from California.

Mr. DON H. CLAUSEN. Mr. Chairman, again, I am pleased to be able to rise in support of legislation designed to improve the water quality in America. As we present this bill to the House today, it makes me proud to be one of the members of the Public Works Committee. With the gentleman in the well [Mr. CRAMER], expressing himself in his usual articulate manner, I think it is appropriate to recognize him for his outstanding work on this legislation. Also, I want to compliment the chairman of our subcommittee [Mr. BLATNIK] for permitting the committee to work its will. Because of this, we again have been able to report a bill out unanimously and I will predict the vote on this bill by the full House will be unanimous as it was last year.

I will not take the time to repeat what has been presented so ably by Mr. BLATNIK and Mr. CRAMER. However, I would like to place emphasis on a couple of points.

First of all, in describing this bill, I truly believe it could have been more accurately labeled as the "Water Quality Incentive and Inducement Act of 1966." I say this because of the emphasis on providing grant incentives to States, communities, and counties to move forward in the development of water pollution control programs. This should prove to be very successful in helping these political subdivisions resolve some of their most pressing problems. Also, I am pleased with the fact that our committee accepted my amendment, which is section 211 of the bill, to direct the Secretary of the Interior to conduct a full and complete investigation and study of methods for providing incentives to assist in the construction of facilities and works by industry to reduce or abate water pollution. The study will include, but not be limited to, the possible use of tax incentives as well as other methods of financial assistance. Today the tax bill just passed gives recognition to this objective so we are making great progress.

While I am on this particular point, I do want to recognize the present and contemplated nationwide effort being carried forward by the League of Women Voters addressed specifically to the question "Should financial help be given by the Federal Government to private companies as incentive and assistance in meeting the cost of water pollution abatement?" I believe their effort is very timely and I commend them for their interest and activity—they are rendering a very valuable service.

During the committee hearings, the new director and chairman of the Water Resources Committee for the league, a Mrs. Donald Clusen, of Green Bay, Wis., appeared and testified before our Public Works Committee. We were all tremendously impressed with her excellent testimony. We all felt that her presentation was very realistic and I believe this bill, as now presented to the House for approval, is a reflection of her point of view. Mr. CRAMER and I both felt that to enact a law is one thing but "tooling up for implementation" of that law is another. It takes a certain amount of time for the communities and States to find, hire, and train the type of qualified personnel to carry out the administration of the program.

Mrs. Clusen said, very wisely:

> We would like to see the programs established by the present laws given a longer trial

In view of her excellent testimony, I would like to include her full remarks in the RECORD at this point because as the record is built here today, it would not be complete, in my judgment, unless it included her full statement.

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Mr. WRIGHT. We have a very pleasant task to bring before the committee Mrs. Donald E. Clusen, director and chairman of the Water Resources Committee of the League of Women Voters of the United States.

The League of Women Voters is an organization which has been crying in the wilderness for oh these many years, on behalf of pure water, to eliminate contamination of our streams.

Of all the organizations that appear before us, it is probably the most nonpartisan and in many cases the most constructive. The League of Women Voters is an organization that has no particular axes to grind. Your activities do not benefit your own members any more than they benefit the Nation as a whole, so it is an honor always to have a representative of this splendid organization with us, and we want you to take whatever time you desire, and we are anxious to hear from you.

If you would like, Mrs. Clusen, to present the other ladies who are with you.

Mrs. CLUSEN. Thank you, Mr. Chairman. As the new chairman of the Water Resources Committee of the League of Women Voters of the United States, I find your introduction most heartwarming.

STATEMENT OF MRS. DONALD E. CLUSEN, DIRECTOR AND CHAIRMAN OF THE WATER RESOURCES COMMITTEE, LEAGUE OF WOMEN VOTERS OF THE UNITED STATES

Mrs. CLUSEN. In a sense, I am fresh from the halls of the State legislature and appearing before legislative committees, but the thought of appearing before this august congressional committee has been upsetting me for a couple of days. However, it has been a most interesting experience.

I am Mrs. Donald E. Clusen of Green Bay, Wis., an elected director of the League of Women Voters of the United States.

I am the spokesman for the 146,000 members organized in 1,227 local leagues in the 50 States, the Commonwealth of Puerto Rico, and the District of Columbia.

Although this is my first opportunity to represent the League of Women Voters at a congressional hearing, since 1960 I know that a number of preceding chairmen of the league's water committee have been here to appear in support of improvements and additions to the Federal Water Pollution Control Act. In their local communities and in their States, also, our members have been working for stronger laws, for better enforcement, and for additional financing to mitigate water pollution.

As you probably know, league stands are the outgrowth of study, discussion, and consensus by league members in local meetings. Our current position on water resources was most recently confirmed at our national convention in May of this year, when the 1,343 voting delegates sent by their local and State leagues approved this statement, and I quote:

"The League is convinced that the program of federal aid to local communities, expiring this year, has been a great incentive for the installation of sewage treatment plants which should be continued and expanded. We believe that our large cities have not benefited under the program to the extent that they should, since the cost of projects to meet their needs are far in excess of grants allowable under existing law. We have supported proposals for federal research and recognize that more research is needed on treatment methods for new pollution problems but we are convinced that research efforts should not be unnecessarily duplicated. We have supported efforts to make our states strong and to approach water resource problems on a regional or river-basin basis. Legislation which will help to strengthen state government and help comprehensive planning by a regional approach is approved in principle."

The League of Women Voters prefers to see local governments make a strong effort to bear the cost of good waste management; and league members often back this preference by hard work to pass local sewer and treatment facility bond issues. We encourage State assistance to lower jurisdictions; for example, the leagues in New York State made a great effort to build support for proposition 1, the State's pure waters bond issue. Leagues carry on this work; not because their numbers fear "big government" on the Federal level, but because they have agreed upon the principle of shared financial responsibility in water resource development. It is for this same reason that the League of Women Voters of the United States, since 1960, has steadily supported Federal grants for sewage facility construction.

The Water Quality Act has added greatly to the work the responsible State agencies should be doing. Since this additional responsibility was placed on the States by action of the Congress, particularly by the House, it seems appropriate that additional Federal funds be used to help States carry out their new standard-setting duties. The league therefore supports the proposal to

double Federal aid to States and interstate agencies for establishing and maintaining their pollution control programs.

For the standards program for interstate waters and the cleanup schedules set by Federal enforcement conferences to be effective, much more money must be spent, especially by medium and large cities, for whom Federal aid has been restricted because of the dollar ceiling on grants. The league therefore supports the proposal that Federal aid be 30 percent of construction cost, with no dollar ceiling. However, because we believe that interjurisdictional cooperation and enforcement of State laws will be improved if States help pay for pollution abatement facilities, we would like to see Representative BLATNIK's "basic 'carrot and stick' approach" apply here. We suggest that the full 30 percent of construction cost be paid by the Federal Government when the State agrees to match this Federal help. Tied in this way, the removal of the dollar ceiling should act as an incentive for States to share the responsiliblity for financing necessary construction.

We also support an increase in the funds authorized for the construction grant program. Whether it should be the increase proposed in H.R. 16076 and in H.R. 13162 and the companion bills is the proper amount to get the job done and is the precise amount for this country to invest for control of municipal water pollution, we neither know nor have the factual basis for judging. In fact, it would be presumptuous for us to state an exact figure.

We therefore welcome inclusion in H.R. 16076 of the proposal for a detailed study of the cost and economic impact of attaining and maintaining water quality standards as established under Federal and State law.

It seems only commonsense to encourage States and localities to move ahead on cleanup as rapidly as they can. We therefore support the idea of authorizing reimbursement to States and local governments which prepay project costs, during the time of this construction grant authorization.

Many league members have attended enforcement conferences in their own river basins, and at the invitation of State conferences league representatives have testified at a number of these conferences. More specifically, in the Lake Erie Commission, the Michigan one and the Connecticut River.

While this may pose some difficulties in scheduling, and so forth, we think this is outweighted by the advantages of wider involvement and the presentation of the full range of information. We believe that the citizens of each basin have knowledge and understanding of the problems and should have an opportunity to express them at these conferences.

In the Lake Erie Basin, where leagues have been studying regional pollution problems, some of our members found it hard to understand why information on industrial waste discharge was so difficult to obtain. They were encouraged when, at the time of the Federal enforcement conference in Cleveland, a number of companies volunteered to supply the Federal pollution control agency with information about discharges from their plants. With industrial wastes becoming an ever bigger part of the U.S. pollution problem, we think the time has come when the quantity and quality of industrial as well as municipal wastes must be known to those responsible for water quality management. The league supports the modest proposal of H.R. 16076 that such reports be required. If the needed information can be obtained in this way, the Secretary may not need the subpena power which is proposed in a number of other bills.

For the past 10 years the League of Women Voters of the United States has been interested in governmental machinery for river basin planning and administration, and as part of this concern the league worked for passage of the Water Resources Planning Act.

It has been our belief that planning should be long range and comprehensive. We would be as reluctant to see pollution control separated from other elements of basin water management as we have been to see planning for basin flood control or navigation carried out without proper concern for water quality. We expect planning for pollution control to be an integral part of a comprehensive plan prepared by any river basin commission created under title II of the Water Resources Planning Act.

We have been saying for many years that rivers are not respecters of jurisdictional lines; and from the time we adopted a position in favor of river basin planning back in 1958, leagues in different cities and in different States have worked together in interleague river basin groups. We organized our own river basin groups, and we organized our own organizations to examine the problems and work for their remedies with the welfare of the entire basin in mind.

No organization is more convinced than the league that pollution control needs to be planned in terms of the whole river, that citizens and governments in the basin must move beyond planning stages into joint action and then must continue united effort for improved water quality management for the entire basin. Many leagues have been trying in various ways to carry this message to their communities and their elected officials.

Because of our conviction of the need for interjurisdictional planning and projects, the league has supported the bonus for projects conforming to a metropolitan plan and the larger amount of aid made available when municipalities combine their grants. However, we question the value of creating a special planning commission as proposed in H.R. 16076. Is this needed? Cannot States and local governments set up permanent arrangements to handle basin pollution now? We think it may add to the confusion to have the Secretary initiating single purpose river basin planning commissions at the same time that, at the request of the Governors, the President is creating comprehensive river basin planning commissions. We agree with many of the aims of the administration's "Clean Rivers Restoration Act," H.R. 13104, but these proposals seems to us to be poorly attuned to the workings of local government. For this reason and because we think this is not the time to crystallize these aims into Federal law, the league does not support this bill.

We have considered the recommendations for stronger enforcement as proposed in a number of bills presently before this committee. The league wants communities to be required to live up to Federal and State statutes and regulations affecting water quality, just as we want to see Federal installations required to set a good example in this respect. Our members realize that industrial pollution must be controlled. However, at the present stage in the development of water quality management, we think that emphasis should be placed on Federal encouragement, for we believe that where the public is aroused, as it certainly is in the Lake Erie Basin, and as seen in the testimony of the Cleveland mayor, financing remains the obstacle to be overcome. For this reason, the league does not support the proposals to strengthen Federal enforcement provisions at this time.

We would like to see the programs established by the present laws given a longer trial. We believe that research and development, State pollution control programs, treatment facility construction, the program for standards for interstate waters, and the Federal enforcement possible under the Federal law must go strongly forward and be given an adequate try. We agree that the time has come to provide specifically for studies of estuaries and pollution from vessels and boats, particularly on the Great Lakes. We believe that the Nation is ready to move and that the Federal incentive program is the level.

We have already listened with interest to comments here on proposals to provide financial incentives to industry for the treatment of their waste. I think you will be interested to know that the league is currently involved in studying these proposals and seeking from its members in their local units an expression of opinion on this subject by January 3 of next year.

If agreement is reached either for or against this philosophy, we will be presenting this to you in the next session of Congress and in various State legislatures.

I live on a polluted river, as you know if you know Green Bay, and I have seen what happened to recreation and tourism, to a municipality, to industry, as a result, and although my State has recently adopted progressive authority on legislation to remedy conditions, we in the league throughout the United States firmly believe that Federal funds, Federal enforcement, and governmental cooperation are essential to the solution. We commend you gentlemen of this committee for what you have done in the past, and we anticipate with confidence what you will do in the future in the prevention of pollution and the protection of American streams.

Mr. WRIGHT. Mrs. Clusen, I know I speak for the entire committee in expressing our gratitude to you and to the organization you have represented, for your testimony today and for that which you and your associates in the League of Women Voters have done so effectively down through the years in attempting to call the public attention to the demonstrable need for cleaning up our rivers.

I want to ask one or two brief questions on the comments you have made.

You made reference in your statement to industrial pollution, the difficulty of obtaining specific information as to the sources and volume of pollutants that enter streams from specific industries.

A little later on you declared that your organization does not favor the somewhat punitive approaches of increased penalties for pollution of streams.

You are aware, I am certain, of a vast increase in industrial pollution that has occurred during the last several years in which it certainly seems likely to continue and grow. If we are not to improve the problem of industrial pollution through a system of penalties upon those who willfully pollute a stream or to fail through inaction to clean up their wastes before dumping them into the rivers, what would you recommend as the best approach toward this, and how do we go about encouraging—if that is the word—encouraging industry to clean up its rivers, its wastes before it dumps them into the rivers?

Mrs. CLUSEN. In the first place, in the beginning of your questioning, I believe you are tying this, Mr. Chairman, to my statement about difficulty of obtaining information—and, of course, following this we are supporting the proposal that these reports be required, and saying that we think, however, that we could give this a trial before saying that the Secretary should have subpena power.

As far as increasing Federal enforcement—and I think probably when I used the word "encouragement"—basically I was talking about the same thing with a somewhat different philosophical concept.

I think it is the feeling of the league that there may come a time when stronger enforcement is needed. But we do think that the machinery exists right now to encour-

age—and the funding exists, if it is increased as we hope it will be—that the machinery and the money exists now to get some results as far as industrial pollution is concerned; and that maybe this needs another 2 years before it is necessary to increase enforcement.

This is very much a problem in the area where I live, where industrial pollution—particularly the papermill variety—is quite a problem; but I think that some of the very progressive gentlemen who are heading this or these industries are working very hard to try to cope with this problem as fast as they can.

I think that all we are saying is wait a little while longer before we come or become too punitive about it.

Mr. WRIGHT. Thank you. I do not think I have any other questions. Do other members of the committee desire to question?

Mr. CRAMER. My comment and questions will be very brief. I want to congratulate you and the league. I think this is one of the most constructive and objective statements that has been made before this committee on water pollution. I am particularly interested in the fact that you are going to study the incentive possibilities related to private enterprise; and I hope testimony from industry yesterday was some help. It certainly was to me. I know it will be in your deliberations.

Second, I am glad to see that you feel this incentive approach is essential. You know there has been some disagreement on that in the testimony before us in that that has been our objective for a number of years to try to, at least some Members, to get the States in the picture.

As I gather from your testimony, you think that is essential, do you not?

Mrs. CLUSEN. And not only the States, we approach the opinion of sharing financing. We believe there should also be local involvement as much as possible.

Mr. CRAMER. The suggestion on the subpena power is one more or less consistent with the position of Congress last year, and I think that is extremely well taken.

We do have the basic problem, however, in the context of your statement, if we decide that that is the approach to take, as it relates to how much money is available to do the job, how much of that the States should put in, and where normally it would come from. The Senate has passed a $6 billon bill. The administration has suggested they might be willing to go as far as $3.46 billion bill just recently.

The initial approach of the administration was not to provide increased construction grants for sewage treatment plants this year. It is a dilemma our committee has.

What do you think we ought to do?

Mrs. CLUSEN. I have a basic confidence that you will be able to reconcile these figures, and that you will find it proper to recommend as much as you think we can afford at this time.

Mr. CRAMER. I appreciate your answer; and I realize that it is our problem. I will not ask you to be more definitive.

You have been very helpful to us.

Mrs. CLUSEN. Thank you.

Mr. CLAUSEN. Mr. Chairman, I want to join the commendation as expressed by Mr. CRAMER, to the fact that we have the name similarity makes it all the more enjoyable that we would have the fine testimony by the lady from the League of Women Voters.

In your testimony on page 4, you refer to the fact that—this is at the bottom of the page:

"Cannot States and local governments set up permanent arrangements to handle basin pollution now?"

You may be pleased to know I gave a similar speech in my own congressional district where we have two large river basins; and it follows essentially the recommendations you have made here.

What we have used is the establishment of a so-called joint exercise of power agreement among the various communities or the counties involved; and I would be inclined to send the League of Women Voters a copy of my speech in this regard.

Mrs. CLUSEN. We would be very glad to have it.

I support H.R. 16076 as it has been amended and reported by our Committee on Public Works. Under the provisions of this bill, the next logical step in the ever-increasing effort to end the wasteful and unnecessary pollution of this country's waters has been taken.

The Federal Government has long played a leading role in the improvement of our rivers and harbors and has financed and directed irrigation and flood control projects since the early 1900's; however, it was not until 1956 under the Eisenhower administration that the first comprehensive Federal Water Pollution Control Act was enacted. Under this act, grants were made to States and interstate agencies for water pollution control activities, and to municipalities for the construction of sewage treatment works. Also, a permanent procedure for governing Federal abatement action against interstate pollution was established.

Although the 1956 act was a good beginning and laid a firm foundation for future action, it soon became apparent that, if this program were to be successful, there would have to be greater State financial participation in the construction of sewage treatment works. Thus, since 1959, the Republican members of the Committee on Public Works have insisted that any increase in the funds authorized for Federal grants must be used to accelerate needed construction by offering an inducement to the States to participate in the cost of treatment plants.

H.R. 16076, as reported by the committee, accepts this principle. It contains substantial inducements to the States to participate in the cost of projects under both the accelerated existing program and the proposed clean rivers program. Thus, if a project is a part of an approved plan for a river basin, coastal waters, bays, or lakes, it is eligible for an incentive grant of 10 percent above the basic 30-percent grant, and with no dollar limitation. The grant also may be increased by and additional 10 percent if the State agrees to contribute 25 percent for all projects under this program. This provision for incentive grants will bring the States more actively into the program, will reduce the need for future Federal funds, and will encourage local communities to provide adequate sewage treatment facilities.

Certainly the amounts that are made available for Federal grants must bear some relationship to the ability of the States and local communities to utilize such grants. The amounts which would be authorized by this bill are, we believe, the maximum that can be used wisely. Moreover, a massive Federal program could hinder rather than help the overall effort by encouraging the States and local communities to believe that the Federal Government has taken over the water pollution problem and little or no effort on their part is required.

This bill, aside from providing for basin planning, is primarily an expansion of the existing Federal program of grants for construction of municipal sewage treatment plants. It does not attempt to solve the pollution problems that arise from the many sources unrelated to municipal sewage. Thus, the cleaning up of the rivers of the Nation unrelated to the treatment of municipal sewage will be the result of the pollution abatement enforcement provision and requirements for water quality standards in the existing law.

Through the adoption of my amendment, the committee has in this bill laid the foundation for possible future legislation that could provide for additional pollution control and abatement. Under section 211 of this bill, the Secretary of the Interior is directed to conduct an investigation and study of methods for providing incentives to assist in the construction of facilities and works by industry to reduce or abate water pollution. This study shall include the possible use of tax incentives as well as other methods of financial assistance. The bill also provides for 70 percent Federal grants for research and demonstration projects for prevention of pollution of waters by industry. These provisions are highly desirable. They may point the way to a future solution of the pollution problems created by industry. Such a solution must and will be found, and this provision is an important first step.

In this period of extreme inflationary pressures and excessive Federal expenditures, every proposed increase in Federal spending must be carefully considered. This bill would authorize the administration-recommended appropriation of $2.45 billion for the fiscal years 1967–71. However, this authorization must be contrasted with the $6 billion authorization for fiscal years 1967–72 which is contained in the Senate-passed measure. Moreover, it will fund a program that has been carefully devised to assist in solving a serious situation that demands immediate action. Under the provisions of this bill, the States, the cities and the communities will be encouraged to do their share in combating the common problem of water pollution.

I believe that the importance and the urgency of this task justifies the expenditure of the proposed fund. I, therefore, urge the enactment of H.R. 16076.

Mr. CRAMER. Mr. Chairman, I thank the gentleman very much, and I yield to the gentleman from New York [Mr. GROVER].

Mr. GROVER. Mr. Chairman, I want to associate myself with what the gentleman from California just said. Coming from the trailblazing State of New York in the field of water pollution, I am thoroughly pleased to see the committee do what it has done. When I got on this committee several years ago there were very wide ranging differences in dealing with this matter of pollution. It has taken a great deal of persistence and patience on the part of the gentleman in the well as well as all of the members on this side and the other side of the aisle.

That persistent patience has brought forth a piece of legislation here which will do great things for this country. I hope that the other body, when we get into conference on this bill, will realize the great pains that both sides on this committee have gone to to bring out a truly bipartisan piece of legislation.

Mr. CRAMER. Mr. Chairman, I thank the gentleman from New York.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Chairman, I thank the distinguished subcommittee chairman [Mr. BLATNIK] for yielding me this time, and I want to take the opportunity to commend the very able and outstanding gentleman from Minnesota as well as the chairman of the full committee [Mr. FALLON], and the ranking minority member [Mr. CRAMER], for doing an outstanding job on this bill. I know of no piece of legislation before the House that has been more thoroughly discussed in hearings and in the markup of the bill than has the bill presently pending before the House. It is a good piece of legislation and the country needs it badly. I urge all of our colleagues to vote in the affirmative on this very important piece of legislation.

Mr. Chairman, and Members of the Committee, this is a very important piece of legislation.

This bill would provide for the development of basin pollution control and abatement plans through the establishment of additional incentives; by increasing grants under the existing program for waste treatment; would provide reimbursement for projects starting after June 30, 1966; would authorize studies of cost estimates, additional State personnel, financial assistance to industry, research on industrial wastes, and estuaries; as well as other minor provisions.

This bill contains, in the judgment of our committee, those features which are now necessary to accelerate as much as possible the water pollution control program. It increases the Federal participation more than seven times. It introduces a new concept of incentives which will move the program forward that much faster.

It is the first bill to attack the problem with the amounts of money commensurate with the size of the job to be done.

Mr. Chairman, several proposals were pending before the committee which were considered. The administration proposal provided for $3.45 for construction grants for the 6-year period 1967–72. The bill as passed the Senate provided $6 billion for the 6-year period 1967–72. The present bill reported by the committee provided $2.45 billion for 5 years.

The committee, in arriving at the total figure of $2.45 billion, made a careful analysis in its efforts to arrive at a figure which would more realistically lie in the same range as the amounts which could actually be used over the next few years. Available information indicated that there are not enough projects ready for the utilization of the sums contemplated under the Senate proposal, due partly to a lack of readiness in the completion of planning, design, and specifications, and partly to the fact that even when plans are completed the financial resources of the States or the local communities are not sufficient to supply their share in a program in which the Federal Government would so markedly increase its participation.

The incentive grants provided for in the bill are based on two things: First, a new concept of an approved basin plan known as a clean rivers program; and second, State participation. Under each program there will be made available a 10-percent incentive grant, or a total of 20-percent incentive grant for participation in both programs.

In connection with research and development, the committee feels that this program has been strengthened by first, industrial research; second, estuarine research; and third, by including all research under one authority. The total authorization, which under the present law has no ceiling, has been set by the committee at $75 million per year for the fiscal years 1967, 1968, and 1969, plus $1 million per year for the same years for a new study of estuaries. The committee feels that every new avenue should be explored in the quest for solution of the many pollution problems this Nation faces, and waste problems require the active involvement of industry itself which has intimate knowledge of manufacturing and other industrial processing operations.

Mr. Chairman, the necessity for early and favorable action by the Congress on this subject is vital. In closing, I want to commend the very able and distinguished gentleman from Minnesota [Mr. BLATNIK], the subcommittee chairman and [Mr. FALLON], the full committee chairman, along with the gentleman from Florida [Mr. CRAMER], the ranking minority member, for their hard work on this bill. It has been a real pleasure to work with these distinguished legislative leaders in bringing out this important legislation. I hope it will pass overwhelmingly.

Mr. BLATNIK. Mr. Chairman, I want to join the gentlman in his comments and thank him for his splendid participation in our deliberations. I also want to thank all of the Members not only on our side but on the other side for the splendid cooperation they have shown. Particularly, I wish to include the leader of the minority, the gentleman from Florida [Mr. CRAMER], and all of the members and staff on both sides. This is one of the finest examples of a joint effort on a major multibillion-dollar proposition that I have ever seen outside of the defense measures.

Mr. CRAMER. Mr. Chairman, I yield such time as he may use to the distinguished gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, I rise in support of this legislation to amend the Federal Water Pollution Control Act. I trust the bill will be approved overwhelmingly. Naturally, it contains many matters of detail giving rise to differences of opinion.

But in the broad, overall view, Mr. Chairman, this bill is an excellent one. In fact, it is the best approach—the most realistic approach—ever devised to grapple with the most serious problem threatening the natural resources which sustain this great Nation. That problem is the pollution—the slow poisoning—of our sources of water supply—our lakes and rivers and streams, our underground basins. It involves the question of whether we are going to have enough clean water in future years to maintain a healthy and growing civilization—clean water for drinking, for industrial processes, for recreation and for agriculture.

At this stage, it is a problem which—more so than any other—has a direct and fundamental bearing upon the general welfare of our people and our future generations. Unless all levels of Government act to meet the challenge, our civilization is going to bury itself in the waste products of its own dynamic energy.

Mr. Chairman, the Federal Government has been concerned in meaningful ways in the field of water pollution control for 10 years. This is the fourth major step the Congress will have taken in this field since 1956. It is often said that the third time is the charm. It is not my intention to downgrade the Water Quality Act we put on the books last year. That was good legislation. It was the third step taken by the Congress. But in this case, I believe, we must say that the fourth time is the charm.

It is not that the bill before us is a cure-all. It certainly is not that. There are phases of the problem which it still leaves virtually untouched. Industrial pollution is an example. The bill does recognize those additional aspects, of course, and lays groundwork for future action. It is well to remember, in that connection, that Rome was not built in a day.

Nor can we say this legislation goes as far as it might even in the fields where its greatest strengths lie. Some say much more money should be authorized to assist in the construction of sewage disposal and treatment works. Others say that, for the immediate future, not a great deal more money could be spent, anyway, because our public agencies, our planners and builders, are not yet geared to do so. I am inclined to agree with the latter view.

But the important thing, Mr. Chairman, is the approach taken by this bill. For the first time, I believe, we are really coming to grips with what has to be done. It is an approach which says that, whatever else we do about water pollution, we are not actually going to be on the road toward a solution until we start, in earnest, to build the plants and the facilities that are needed for the proper disposal of wastes.

It is impossible for me to visualize how we can have a strong and prospering America 20 or 30 or 50 years from now unless this building job is done. In comparison with that, all of the dictums issued from Washington—all of the judicial decrees—all of the declarations of outraged indignance—will mean little or nothing.

Mr. Chairman, last year the Water Quality Act became bogged down for a time in the legislative process. The quarrels then were over complex questions of establishing and enforcing water quality standards.

At that time, it was my observation that a much more important question involved the building job that needs to be done. I remarked:

> We are not going to get very much pure water . . . by sitting on the riverbank counting the bacteria floating by.

Certainly, I do not mean to say we should not have standards. We do need goals and objectives to shoot for. They help to place the problem in perspective. They remind us how much more must be accomplished. In that respect, I think a quite suitable compromise was reached last year. It encourages—almost forces—the States themselves to undertake the task of establishing quality criteria on interstate waters by next year. It has the virtue of practicality. It places the major responsibility for setting these goals in the hands of those who best know the obstacles to be overcome. It has the additional advantage of coaxing the States into a more fruitful partnership with the Federal Government and the local communities in the field of water pollution control.

But, in my estimation, there was another provision of at least equal importance in the bill enacted last year. That was the one increasing by 50 percent—to $150 million a year—the amount available for construction of municipal sewage treatment facilities. This was a breakthrough. Indeed, there was support for it, originally, neither from the White House nor in the other body. It was here in the House where it was hammered out. It signified the dawn of a new day. It was the first real act of recognition of the immense task confronting us.

This new legislation now before us is a reaffirmation of that. It carries the principle further. It takes the next great stride that must logically follow. Of course, there are those who will say this is just another case of the Federal Government doing nothing more than throwing money at a problem. They have a perfect right to that opinion. I would not deny for a minute that the Congress has done a number of things which, to my way of thinking, amounted to not much more than that.

But I believe there are three aspects of this legislation on which such criticism founders.

First. It must be obvious by now that we are not going to clean up our rivers and streams—and our other sources of water supply—without spending a considerable amount of money. A figure of $100 billion often is cited as the cost to all agencies—public and private—of doing the job by 1972. When all sources of pollution—and all remedies—are taken into account, the cost could be much higher. I have heard estimates ranging all the way up to $250 billion.

Second. This bill makes a great effort toward encouraging additional expenditures by the States and local communities. This is far from a case of the Federal Government throwing money around indiscriminately—or shouldering the burden alone.

As a basic rule of thumb—in the municipal waste treatment program—Federal funds make up 30 percent of project costs, local funds 70 percent. Under this bill, the Federal share will increase to 40 percent if there is a contribution by the State amounting to 30 percent. In addition, under the provisions encouraging joint development of areawide plans by agencies within the same river basin, there will be the same incentive of an additional Federal contribution of up to 10 percent for approved projects. With State participation amounting to 25 percent, the Federal share could go up still another 10 percent—to 50 percent—under the basin plan.

Undoubtedly, these incentives will foster a greater financial effort by the States. How much so—and whether it will be sufficient—are questions yet to be answered. Despite past attempts along this line, only 12 States are now providing assistance for municipal waste treatment projects. Additional methods of encouragement may have to be devised and tested in the future. Obviously, we must rely heavily on the States and local agencies to carry the larger share of the burden. The approximately $700 million spent by the Federal Government on this program since its inception in 1956 may sound like a huge sum of money. But we must remember that it is only about one-fourth of the amount that the States and local communities have spent on these projects during the same period.

A third factor that places the proposed new money authorizations in better perspective is this: The House bill is the most conservative of all proposals that have come before the Congress this year. For the waste treatment program, it totals $2,450 million for 5 years. The administration originally proposed a $200 million ceiling for fiscal 1967 but unlimited amounts thereafter under the basin plan. Then it came back with a revised request for $3.45 billion for 6 years. The Senate bill seeks $6 billion for 6 years.

But even as conservative as the House bill is, it calls for expenditures over a 5-year period more than three times greater than would result if the program continued at its current rate. Moreover, the authorization would increase year by year until—in 1971—it would be more than six times higher than the 1967 level. If this is not accelerating the program with a vengeance, I do not know what it is.

But, Mr. Chairman, there is still the question: Is there any assurance that even this amount of money can be utilized? For we must consider that not only would the availability of Federal grants grow almost geometrically; there must also be the presumption that the States and local communities will be able and willing to increase their expenditures in practically the same proportion. Certainly we hope they will. We must do everything to encourage it. But this is where the catch is. It is going to take time for the States and local communities to "tool up" for such a job. They must prepare plans, make financing arrangements. They are going to require taxpayer support.

The availability of materials and qualified contractors may be another limiting factor.

The report of our Public Works Committee states that the $2.45 billion figure "is in itself somewhat optimistic, since it actually exceeds the amounts that would be obtained if a truly mathematical projection was made of the data now available on local capabilities and on the status of planning."

Undoubtedly, if we are to lick the pollution problem, greater expenditures are going to be required. Indeed, it is likely that the authorizations in this bill, if enacted as proposed, will be raised before they run their course. At least it is to be hoped that the circumstances will warrant it. But they should not be raised merely to figures picked out of the air. The determinations should be based on much harder evidence—on much more extensive information—than we have been shown to date.

For the purpose of gathering such data, this bill contains a most valuable provision. It authorizes the Secretary of the Interior to make a study of the national requirements and the costs invloved in cooperation with the various pollution control agencies. The Secretary will submit the initial study to the Congress by January 10, 1968. It will cover a 3-year period beginning July 1 of that year. The study will be updated every year thereafter. As a method of keeping on top of the problem—as a spur to greater efforts and as a means of keeping our objectives in front of us—this is a vital provision.

Returning to my central point, Mr. Chairman, I believe this bill places us on the right road. It begins fully to recognize the enormous building job that must be done. I hope this will be held in mind as we pass this bill—and that it will remain a primary guiding principle when the Congress moves on to additional enactments in the field of water pollution control in future years.

Mr. Chairman, much has been said about the urgent need for greater cooperation and joint efforts among the Federal Government, the States and the local agencies in this field. Much has been said and done about controlling the sewage and household wastes of our cities and towns. These needs and problems fall most naturally into the public sector. As a result, they have received the greatest attention of the public and of all levels of government.

There are additional problems that have received far too little attention—despite the fact they are major contributors to the pollution of our water sources. These include the chemical wastes from our industries, the radioactive pollution resulting from the mining and processing of radioactive ores and the minerals and pesticides and other materials washed into rivers and lakes from our farmlands.

By far the most serious problem among these, nationally, is that of industrial pollution. In many places in this country where sewage is adequately controlled, streams and rivers nevertheless have been poisoned—and made unfit for any kind of beneficial use—by the wastes from manufacturing processes alone. These pollutants are too seldom captured by municipal disposal systems and too often turned loose wholly untreated. By and large, proper treatment and disposal of industrial wastes is an unprofitable and money-losing proposition. In many cases, workable methods have not even yet been discovered.

So besides the requirement of a more active partnership among the various levels of government, there is also a crying need for a similar working relationship and cooperation between government and industry. By comparison with what it does in the field of sewage treatment and disposal, this bill can be criticized for doing too little about industrial pollution. However, it does take two important steps toward correcting this.

First, it authorizes research grants for the purpose of finding and developing new methods of handling industrial wastes. This research will not be limited to the technological phases of the problem. It may also delve into the question of devising practical and equitable means of financing treatment works. A tremendous amount of work remains to be done in these areas before a massive attack on this problem can be launched on any sure-footed and fair and reasonable basis. Out of a total of $75 million in each of the next 3 years for water pollution research, the bill allots not less than a fourth of that amount for industrial research and demonstration projects.

The second step taken in this field is one that could lead to effective action in the more immediate future. It authorizes the Secretary of the Interior to make a complete study of all possible financial incentives for encouraging industries to install and construct facilities to reduce or abate water pollution. This study will lay the foundation for any legislation the Congress may enact in the future to provide such incentives.

In the past number of years, many suggestions along this line have been offered in the form of bills introduced in the Congress. But these bills have died. I have detected a growing feeling in this Congress, however, that the time has arrived for putting this type of program into effect. A start must be made along this path.

Incentives most often suggested have taken two forms. One is a tax credit by which a certain percentage of the cost of pollution control facilities could be deducted from a corporation's income tax liability. The other likewise would lighten the tax burden by providing accelerated depreciation on facilities of this nature. There are other approaches that could be taken, all the way up the line to grants and low-cost Government loans.

Mr. Chairman, I believe little doubt remains but that industry must be brought in the picture, by some such means, as a more active participant in the fight against water pollution. Hopefully, the contemplated study will produce an effective way of doing this.

Certainly, at present, there is no compelling reason for it to happen. Pollution control equipment is costly. In virtually every case, it is nonproductive and unremunerative. It is nigh on to impossible to justify this kind of expense to corporation stockholders interested in profits. It is true that many companies have expended large sums for this purpose. But there is a limit as to how far industry can go in serving goals lying almost exclusively within the realm of the public interest. Somewhere along the line, we have to recognize that it is a two-way street.

Earlier this year, I received from Armco Steel a most instructive analysis of this problem as it relates to that corporation's own situation. Since 1950, Armco has spent $16.9 million on air and water pollution control facilities for its nine plants across the country. The cost each year of operating these facilities is $1,560,000. Insofar as the corporation's own fiscal picture is concerned, this is money that has gone almost entirely down the drain. This equipment does not contribute directly to production. There is minimal recovery of usable wastes.

Moreover, to meet all of the various air and water pollution standards, Armco would have to spend $65 million in the next 5 years on equipment. Its annual costs of operating these facilities would go up another $6 million. There would be no return on the capital investment and little return on operating costs. To put it mildly, this does not shape up as a profitable adventure for Armco.

When information like this is projected nationwide, we can begin to see the astounding task confronting us in the industrial field alone. Establishment and enforcement of pollution standards is one of the ways of striving toward a solution. Under Federal law, for example, abatement proceedings can be brought against an industry whose wastes pose a health hazard in a neighboring State. This places the entire burden of a solution upon the industry itself.

But there is a definite limit to this. In my mind, it is questionable whether such a tool can be effective unless it is combined with a whole battery of other remedies. If an industry finds it too costly to operate in one area as a result of certain standards it is expected to meet, it can pick up and move to another area where the circumstances or the standards are different. That, or it might go out of business if it is in a marginal situation. When it comes down to a choice between enforcing standards and preserving the jobs that are the lifeblood of a community, it is the latter that is likely to win out. The public interest, it should be noted, can work in all sorts of fascinating ways.

In the last analysis, the wonderful—and, of course, often troublesome—wheels of progress are not going to be stopped by paper laws. In the absence of any other reasonable give and take between Government and industry, abatement proceedings based on pollution standards will tend to break down under the pressure of that progress—and under the ravenous need of our economy to continue expanding and providing more and more jobs, come what may.

So, Mr. Chairman, we come back once more to the crux of the problem. Again I submit that is the tremendous building job we must do. The public interest, in my estimation, undoubtedly will require that we provide incentives for industry itself to help do that job. It will require that we build more and more public facilities to handle not only industrial wastes but pollutants of every other kind.

Time is short. Our supplies of clean water are running short. It is estimated that by the year 2000, this country will require 1,000 billion gallons of water every day to serve its needs. Present and contemplated developments will provide only 650 billion gallons. It is obvious that, to a much greater extent than at present, this will require reuse of the same water. Much of it will have to be used over and over and over again.

In view of that, the pollution of this natural resource will become more and more intolerable. Even now, it threatens the health and livelihood of people in many areas. It is spoiling fully a fourth of the pure water we currently need for purposes other than irrigation, industry and power generation. It is turning once beautiful streams and lakes into virtual sewer drains and cesspools.

Undoubtedly, the most repulsive example is Lake Erie. Not long ago, Lake Erie was a sparkling blue body of fresh, clean water. Now it is leaden and almost dead, choked by wastes from five major cities, practically stripped of any recreational value and able to support only a small fraction of the fishlife it once did. It is said that even if all of the rivers flowing into it were completely freed of contaminating material, it would still take some 20 years to flush Lake Erie clean.

The other Great Lakes face a similar fate unless the most stringent measures of pollution control are effected. The cost of cleaning up these lakes already is placed at $20 billion.

A final point I wish to make is this: Roughly speaking, every dollar spent for pollution control ultimately will be a dollar saved from the cost of water development and distribution. Every gallon saved from the poisoning of our wastes is a gallon that will not have to be obtained by other means.

Most assuredly, water development for this country cannot afford a backward glance. It must proceed with all of the speed and resourcefulness at our command. No matter what we do, this Nation is going to be caught in a close race between supply and demand. Our burgeoning population—the soaring needs of industry and agriculture—make that a surety.

One of the great hopes in this field is in the desalination of sea water. Much progress has been made since the first saline water demonstration plants were authorized in 1958. But the output of these plants still is far from competitive with our traditional sources of supply.

In the not too distant future, hopefully, converted sea water should be a boon for our coastal cities. Before that happens, of course, the cost must be reduced dramatically. The research necessary to that must be accelerated.

Above all, more efficient distribution of the water resources we already have is imperative. The transport of water from areas of surplus to areas of shortage is making rapid progress. More will have to be done. But even in this field, we must hold in mind that—as our population grows and spreads—areas now having a large surplus of water may someday be facing shortages.

Possibly, in the distant future, it will be necessary to import supplemental water supplies from sources far outside of the United States. This may become imperative not only from the consumption standpoint alone. A factor just as important may be the need for enormous amounts of clean water constantly to freshen our lakes and rivers—and most particularly our underground basins.

This is the significance of the North American Water and Power Alliance proposal to bring water from the great rivers of northern Canada and Alaska. This plan is estimated to cost $80 billion and to require 30 years to complete. Great difficulties are inherent in it because of the international arrangements that would have to be made and the concessions that might have to be granted. In some circles, it is viewed as a pipedream. But as our problems of water supply and pollution mount in future decades, it could be one of those pipedreams that comes true.

On the other hand, Mr. Chairman, we cannot put too much reliance on any one approach. Only at the risk of deluding ourselves can we expect to be forever reaching out for new sources of water where the grass seems greener. At little or no more expense, we can salvage vast amounts of the water we need right here at home. We can and must get the best possible use out of what we already have.

Beyond these practical considerations, this Nation's water resources are a heritage we are obligated to preserve. They constitute a magnificent asset we must treat with care if the hopes we hold for our future generations are to materialize. We have a tremendous building job ahead of us. I urge the passage of this bill so that we can get on with that job.

Mr. CRAMER. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. HORTON].

Mr. HORTON. Mr. Chairman, I welcome this opportunity to add my support to H.R. 16076, which provides the comprehensive additions and amendments to the water pollution control program. I, too, want to commend the gentleman from Minnesota, the chairman of the subcommittee, and the gentleman from Maryland, the chairman of the full Committee on Public Works, and the gentleman from Florida [Mr. CRAMER], and particularly the gentleman from Alabama [Mr. JONES] for their work in making possible this very comprehensive bill which is presented to us here today.

As ranking minority member of the Natural Resources and Power Subcommittee of the Government Operations Committee, on which I have the privilege of serving with Chairman ROBERT E. JONES, I know how massive and how difficult the problems are in the pollution field. The bill as reported by our Public Works Committee reflects an understanding of these problems, and a determination to deal with them promptly and positively.

I especially want to applaud the committee's inclusion of a comprehensive program for research in pollution abatement technology. I am pleased that the provisions of my bill, H.R. 17576, providing for 70-percent grants for research into methods of controlling industrial pollution, have been included in the measure that is now before us. Under this program, $75 million is authorized for antipollution research for each of the next 3 years. Twenty-five percent of this money is earmarked for industrial research.

While there is no question that industry is responsible for much of the water pollution we are faced with, it is also evident that the research and vast financial outlays required to eliminate industrial pollution cannot be provided by industry alone. Further, there is serious doubt, as evidenced by recent hearings of the Committee on Science and Astronautics, that the technological tools needed to solve this problem are sufficiently developed. Thus, it is doubly important that we provide adequate aid for industrial research which is needed to develop these methods and equipment, and to bring the solutions within our reach. I hope that my colleagues will give their full support to this crucial provision of H.R. 16076.

I also support the section of this bill which raises the maximum allowable grant under the waste-treatment construction program from $1.2 million to $2.4 million. This will enable more municipalities to participate meaningfully in the grant program. Also, this bill raises the maximum allowable Federal participation to 40 percent where the State contributes 30 percent of the project cost. By lessening the burden on local taxpayers, this will enable many smaller cities and towns to participate in the grant program—particularly in States which, like New York, have established substantial antipollution programs. Previously, significant State participation was not coupled with this additional Federal incentive.

As part of my duties on the Government Operations Subcommittee on Natural Resources and Power, I have taken part in hearings and field inspection tours in many areas of the Nation. These have revealed that cities and towns in every population category are faced with inadequate waste-treatment facilities and inadequate funding to provide them. The bill, which recognizes the value of close cooperation with States and localities in solving the pollution problem, will enable millions more American citizens to reap the benefits of our enlightened Federal attack on pollution, through positive and prompt corrective action on the local and regional level.

Mr. Chairman, it was my intention to propose an amendment to the bill here today. In particular I wanted to talk in terms of assistance to industries through grants for industrial pollution research. While this program will help all industries overcome contamination of natural resources, I want to point out that many companies across the Nation are already spending large sums of money to control the quality of their effluents into our lakes and streams. Much of this effort on the part of these companies has gone uncredited, but industry in general has been doing a fine job in meeting its immediate responsibility to help in the cleaning up of our waterways. They have done their share to combat pollution. This also applies to many of the small firms. Earlier this year I introduced H.R. 17170, which provides for a program of public recognition of industries and municipalities demonstrating excellence in pollution control. Under this program the Secretary of the Interior would set up standards under which such recognition awards would be given.

The awards are not financial, but symbolic. The Secretary would award a flag or certificate of suitable design—perhaps depicting a clear drop of water—to each industry, city, or town which qualifies under these standards.

At the same time that certain municipalities and firms are criticized for their failure to take action to reduce or eliminate their contamination of public waterways, we must foster a positive public attitude toward those who have willingly and eagerly accepted their responsibility to society and who have taken adequate corrective action.

This program will provide an incentive to industries and municipalities. On the date the Secretary makes an award, a public announcement would be made, and the President and the leaders of both Houses of Congress would be informed. The recipient is authorized to display publicly the flag or certificate, and may include the flag insignia and the fact that the award was received in its advertising or other material which is publicly distributed or broadcast. Thus, recipients will be publicly singled out as leaders in the pollution abatement effort.

There is considerable precedent in Federal history for such a recognition award. The Defense Department awarded an "E" award to war production plants which made exemplary contributions to the war effort during the early 1940's. Last May, the President named a "Small Businessman of the Year" to a deserving recipient to demonstrate the importance of and opportunity for small business in the United States. During the war, the Maritime Commission awarded an "M" pennant for superior production records. The Bureau of Mines successfully used a stamp of its approval to promote the use of safe mining equipment.

The battle against water pollution is one of national scope. It makes sense to couple our research and construction grant programs with an incentive award program to cities and companies which have exemplary records in waste treatment and pollution control.

The idea for this program came up during a brief stop on a helicopter pollution inspection tour which our Subcommittee on Natural Resources and Power took in the eastern Great Lakes region. During a stop at Sodus Point, N.Y., I talked with Mr. Leonard C. Schlee, Wayne County clerk, who expressed concern about the negative public attitude that is building up around the pollution fight. It was he who suggested to me the analogy between a pollution awards program and the Defense plant "E" awards during the war. After further discussion with local officials, representatives of industry, and other Members of Congress, I decided to put his suggestion in the form of a legislative proposal.

Since my introduction of H.R. 17170, Congressman JAMES HANLEY, of New York, and JIM WRIGHT, of Texas, have sponsored similar measures, and the idea has received praise from many sources.

Mr. Chairman, as I previously stated, it was my original purpose to offer this as an amendment today. I did offer this bill in August of this year. I feel that we have not had an opportunity as yet to take a good look at the potential involved so that we, perhaps, could make this legislation even more effective.

Mr. Chairman, I would like to ask the distinguished gentleman from Alabama [Mr. JONES], chairman of the Natural Resources and Power Subcommittee of the Committee on Government Operations, on which I serve, to comment upon this subject matter.

Mr. JONES of Alabama. Mr. Chairman. will the gentleman yield?

Mr. HORTON. I am delighted to yield to the gentleman from Alabama.

Mr. JONES of Alabama. Mr. Chairman, the gentleman from New York [Mr. HORTON] is, as the gentleman said, a member of the Subcommittee on Government Operations, a member who has been with the committee during its holding of hearings throughout the entire country.

Certainly, Mr. Chairman, no one has been more diligent than has been the gentleman in attending these hearings, and based upon the experience which the gentleman has compiled, a bill such as he describes certainly in my opinion possesses merit.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CRAMER. Mr. Chairman, I yield 1 additional minute to the gentleman from New York.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield further?

Mr. HORTON. I yield further to the gentleman from Alabama.

Mr. JONES of Alabama. Mr. Chairman, I do believe that the subject matter contained in the gentleman's bill, however, will require careful committee consideration. Consequently, I wish to assure the gentleman from New York that insofar as I am concerned, as a member of the committee, we certainly intend to take up his proposal and explore the entire subject matter of his bill.

Mr. HORTON. Mr. Chairman, I thank the gentleman from Alabama [Mr. JONES] for his comments.

Also, Mr. Chairman, I might say that I have spoken with the chairman of the committee, the gentleman from Minnesota [Mr. BLATNIK] and the gentleman has indicated his willingness to have the committee take up this proposal at the meetings of the committee during the next session of Congress.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. HORTON. I am delighted to yield to the gentleman from Minnesota.

Mr. BLATNIK. Yes, this is a matter that certainly ought to be and should be studied, but we need more time during which to do it. However, I believe it is too early right now, but I am very hopeful that we can give it adequate consideration next year.

Mr. HORTON. Mr. Chairman, I thank the distinguished gentleman from Minnesota.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. SWEENEY].

Mr. SWEENEY. Mr. Chairman and Members of the Committee, I, too, would like to join in the very laudatory comments of this afternoon as they bear upon the service of our distinguished chairman of the Committee on Public Works, the gentleman from Maryland [Mr. FALLON], the chairman of the subcommittee, the gentleman from Minnesota [Mr. BLATNIK], and the gentleman from Alabama [Mr. JONES] and certainly, Mr. Chairman, the outstanding chairman of the minority, the gentleman from Florida [Mr. CRAMER], for their unity of purpose and the cooperation that they have displayed within the committee and on the floor in bringing to the House a bill, a water pollution abatement bill, which is one of substance and which will certainly prove to be a historical landmark in our effort, in the great national effort, to obtain clean water.

Mr. Chairman, although there are many areas of needed research in the water pollution control field, clearly the one having highest priority is that dealing with development of new and improved technology relative to the treatment of wastes and renovation of waste waters. New treatment methods must be developed for handling wastes from all sources. Laboratory research has demonstrated that it is now scientifically possible to take any waste water and convert it to a quality suitable for reuse. There is, however, a big step from laboratory research to the actual application of these results. It requires pilot plants, field evaluation and demonstration units which are quite costly. The Water Pollution Control Administration has already developed several waste water reuse systems up to the pilot scale.

There is no question that one of the most effective and sound ways of providing the necessary water realization of our water resource potential will be through the mechanism of total pollution control which is the objective of the expanded research program which we are recommending.

Presently available waste treatment techniques are proving increasingly inadequate to deal with the pollution problems currently facing our Nation. They will certainly not meet the needs of the future. The Federal Government must take a leadership role—developing these new techniques and must demonstrate them on a plant scale basis. As with any innovation, a considerable amount of risk is involved. Since the benefits of these new findings will be shared by our Nation as a whole, it is quite appropriate that Federal funds be used for this purpose. Many municipalities and industries cannot afford the risk capital involved in developing and proving these new techniques.

There are other important research and development needs for which increased funds are necessary and will be provided in this bill. More effective methods are needed to measure and predict the long range effects of pollutants on all our water uses—municipal and recreational water supplies, industrial water supplies, agricultural water supplies, and propagation of fish and aquatic life.

We must have a vigorous research and development program to deal with wastes from dispersed sources which are not readily collectible for treatment. Techniques for control of pollution at its source must be given increased emphasis.

During the next 5 years, billions of dollars will have to be spent on waste treatment facilities for both municipal and industrial wastes for the problems associated with combined sewage, and for the provision of low-flow augmentation. We must carry out an effective research and development program to provide needed answers for efficient and effective pollution control.

Furthermore, it is essential that we mass the required scientific research resources needed to solve our growing water pollution problem. The in-house capabilities of the Federal Government must be supplemented by the industrial and university research resources of our country. The amendments to the Water Pollution Control Act would provide the necessary funds and authorization to proceed with a vigorous research and development program to solve our water pollution problems.

The bill provides a substantial increase in the funds authorized for research. In addition, it adds a specific provision designed to encourage industrywide research on the treatment of industrial wastes.

Mr. Chairman, I am pleased to support this bill.

Mr. BLATNIK. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. HOWARD], a member of the committee, 5 minutes.

Mr. HOWARD. Mr. Chairman, I rise in wholehearted support of the bill, H.R. 16076.

Mr. Chairman, I would like to mention my appreciation for an exemption that was made with respect to the procedure to be followed in the case of regional agencies such as the Delaware River Basin Commission and the Tennessee Valley Authority. These agencies are already directed by law to adopt comprehensive water resource programs for their constituent States. The language

approved by our committee makes it possible for these agencies to submit pollution control programs directly to the Congress for approval, rather than to the Secretary. This is a compliment to the fine work that has been done in the past by the Delaware River Basin Commission and to our distinguished colleague, the gentleman from New Jersey [Mr. THOMPSON], who commended that work to the attention of the committee. The Commission and the residents of the Delaware Valley are fortunate to have such a forceful spokesman to present their cause.

It is due to his efforts that the residents of Sussex, Warren, Hunterdon, as well as the counties of Mercer and Burlington are so well represented here in this Congress.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. McCARTHY].

Mr. McCARTHY. Mr. Chairman, I just want to compliment the committee and say that this is a step forward in water pollution control legislation. I think this is an excellent bill. It means in 5 years we will be moving from the level of about $100 million annually to close to $1 billion annually.

But, Mr. Chairman, along with the "seven young Turks" on our committee who signed separate views, I am disappointed that the bill does not go far enough.

I believe that water pollution is the most urgent domestic problem facing our country. The other body, by vote of 90 to 0, passed a 6-year, $6 billion bill, and I would hope that after the conferees meet that the House will soon find itself voting for a conference report containing something more than we have in this present bill. There is a great deal of sentiment here in the House for more money. Members recognize that this is a very urgent, if not the most urgent, domestic challenge we have. I would hope that the conferees will come out shortly with a somewhat larger amount.

Mr. BLATNIK. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BYRNE].

Mr. BYRNE of Pennsylvania. Mr. Chairman, one of the most important problems facing the people of Philadelphia today is water pollution control. Philadelphia has taken many important steps toward reducing pollution in the Delaware and Schuylkill Rivers. We have been working closely with U.S. Geological Survey in developing instruments to set up automatic testing stations on the Delaware River to determine the quality of waters.

We have put up substantial funds in the actual development and construction of waste treatment works. Under our capital program, we are able to plan 5 or 6 years ahead. We have spent over $180 million on water supply facilities, and over $300 million in sewers and disposal facilities. Three new sewage plants are under operation on the Delaware River.

Since 1946 the total cost to the city has been $85 million for three sewage treatment plants plus intercepting sewers. If this had to be built today, you would have to add 25 to 30 percent for the cost.

Only a few days ago in a recent report to the Federal Power Commission, it was pointed out that the Delaware River Basin has a great undeveloped potential for lessening water shortage and for hydroelectric power. Let me say that I fully agree with the members of the House Public Works Committee that the best answer to water shortages in the East is to use and reuse water. This only points up the importance of the pollution control program and the bill before us today. I am pleased that the committee saw fit to employ the Delaware River Basin Commission as the responsible agency to deal with the pollution problem—section 209 clearly states this.

Undoubtedly, H.R. 16076 will be very beneficial to Philadelphia and the Nation because it firmly commits the Federal Government to pollution control. I urge its passage.

Mr. BLATNIK. Mr. Chairman, I yield to the distinguished gentleman from Alabama [Mr. JONES] as much time as he might consume.

Mr. JONES of Alabama. Mr. Chairman, last year the Congress recognized that the problem of water pollution control constitutes one of the gravest domestic threats to this great Nation of ours and its vast resources. The Water Quality Act of 1965 was a milestone in history because it marked the first time in the Nation's history that we recognized the need to control the pollution of entire streams, not just segments of our waterways. That act was the beginning of the "river basin" approach to pollution.

We need only walk a few blocks and stand on the banks of the once unspoiled Potomac to see what man has done to the stream. The stench of the pollutants permeates the air and is offensive to us. The Potomac, however, it not the only river in this condition. The Hudson, the Delaware, the Savannah, and many others all over this country are in this condition or fast approaching this stage.

What must we do to alleviate and even eliminate this problem? We must do two things.

First, we must establish without delay adequate water quality standards for our interstate streams and hopefully for all our waters. Last year's Water Quality Act requires the States to act by June 30, 1967. All 50 States have indicated an intent to do so.

Second, we must develop adequate plans to implement and maintain and improve the established water quality standards. The plans must be developed for the entire basin or a total watershed or a lake or our coastal waters. This is the thrust of the clean rivers restoration program authorized by this bill.

Many of our large cities have developed near our great rivers or lakes or coastal waters. These cities are dependent on these waters for many uses. Industry uses them. People use them for drinking, for boating, and for swimming. Even our fish and wildlife use them. Each of these cities is concerned with the effects of pollution on these uses. Most cities cannot afford a polluted stream. But some cities respond to the problem quicker and try to control their pollutants. All of them, however, pollute these waters in some way. The wastes of one community usually affect the other communities on the stream. Thus, it is important that the effects of all the communities on a waterway be coordinated. Again this is the thrust of the clean rivers approach.

This approach is new in the pollution control field. It is admittedly untried. The engineering and economic value of the basin concept is, however, not new. It is the first time that this approach has been used to stimulate State and local participation in controlling pollution. The possibilities of this new approach are unlimited. Coordinated and unified efforts in attacking pollution are without a doubt the most logical way to accomplish our goal of cleansing the Nation's waterways.

The bill provides that if a basin lies entirely within one State, that is, it drains intrastate waters only, the Governor of that State may develop a basin plan. If all or part of more than one State is within a basin, that is, if the basin is drained by interstate waters, 50 percent of the Governors in that basin must concur in the plan. In all cases, it is expected that the local communities in the basins will participate in developing the plans.

Once the plan is developed it will be reviewed by the Federal agencies on the Federal level. The Governors would be expected to obtain the views of the affected communities.

Following this review, the Secretary of the Interior must review and approve the plan. In the case of the Tennessee River the plan will be developed and approved by the Tennessee Valley Authority. Similarly, in the case of the Delaware River Basin, the Delaware River Basin Commission, of which Secretary Udall is a member, will review and approve the plan. All of these plans must then be submitted to Congress for statutory approval.

The objective of the basin approach is clear and simple. It is to develop a unified approach to pollution control. We want to develop comprehensive plans for pollution control along the same pattern followed over the years in the field of water resources generally. To date, waste treatment has not been considered in terms of basin planning. The time has come to revamp our thinking and to try this new approach. It will not be easy, but this does not mean that it should not be done. In view of the present condition of the Nation's waters, the basin approach looms up as not only being highly desirable, but quite necessary.

The basin approach offers the communities increased Federal grants. The bill authorizes up to 40-percent grants for the construction of waste treatment works without any dollar limitations if a comprehensive pollution control and abatement basin plan is developed in a particular basin and approved by the Congress. In addition, the bill offers the communities another increase of 10 percent or a total of 50-percent Federal grants if a basin plan is approved and the

State wherein the project is located pays 25 percent of the estimated reasonable project costs.

The principal objective of these increased grants is to stimulate and to intensify local and State action to develop a meaningful coordinated approach to pollution control. This basin approach also will encourage economies and efficiencies through adequate planning not just on a community-by-community basis, but on a basin basis.

In summary, this new basin approach to the pollution problem calls for basin planning and increased grant incentives and offers, as in the case of the existing law, an opportunity to shoulder more responsibility for cleaning up our Nation's streams. This approach combined with the opportunities offered industry by this bill will go a long way toward reclaiming our Nation's waters from the malignancy of pollution.

Mr. BLATNIK. Mr. Chairman, I yield to another distinguished member of our committee, our dear friend from South Carolina [Mr. DORN], such time as he may require.

Mr. DORN. Mr. Chairman, this is another outstanding piece of legislation which will go down in history. I commend each member of our committee for their united efforts to bring this bill to you today. I particularly commend my distinguished and illustrious colleague, the gentleman from Minnesota JOHN BLATNIK, who is now known throughout America as "Mr. Water Pollution." This is another milestone in his great career. It is another milestone in the history of our great country and the modern-day dynamic progress of our people.

I wish to commend the chairman of my committee, the gentleman from Maryland [Mr. FALLON], and my great and beloved colleague, the gentleman from Alabama, BOB JONES. Mr. JONES has studied the rivers of this country from Maine to California, from Canada to Mexico. With the overwhelming passage of this legislation today, we can look forward to the day when the teeming millions in American cities will have pure water, when they will have recreation free of pollution.

Mr. Chairman, I can even foresee the day when our children, yours and mine, can wade and swim in the Potomac. This bill is a States rights bill; it is a bill with emphasis on local government; it is a free enterprise bill; it is a bill to promote harmony and cooperation between business and municipal, county, State, and Federal governments. This bill is for tomorrow. It is legislation for the future. I predict this bill will pass unanimously.

Mr. BLATNIK. Mr. Chairman, I yield to another effective member of our committee, the gentleman from Texas [Mr. ROBERTS] such time as he requires.

Mr. ROBERTS. Mr. Chairman, I rise in support of this amendment.

Mr. MINSHALL. Mr. Chairman, if an enemy attack or a sudden natural catastrophe had wreaked the devastation which now exists in Lake Erie, there would be no hesitation in declaring it a Federal disaster area. We would speed funds to the area without delay.

But the poison of pollution which is destroying our national water supply has been a gradually encroaching process, the urgency of which is only beginning to be the cause of widespread alarm.

We who represent the Cleveland area have been aware of it from the outset, coming as we do from the shores of the most badly polluted body of water in the Nation. I have consistently voted for water pollution control since my freshman days in the House, in the 84th Congress, when I cast my first vote for the Water Pollution Control Act on June 13, 1956.

It is apparent that the efforts of Congress, working with the States and municipalities, still is insufficient to stem this tide of disaster. During the past decade I have seen more and more recreational beaches closed along Lake Erie, I have witnessed an alarming drop in commercial fishing, I have seen with my own eyes the insidious growth of algae in the lake, which today covers 4,000 square miles.

Lake Erie is the lifeblood of the industrial complexes which line it. It is the most important resource and asset of the State of Ohio.

As those who know my voting record are well aware, I am always cautious when I vote to spend the taxpayer's dollar. I have gained some note as an economy-minded Member of this House, even during times when it was considered popular to spend. But it would be false economy to vote against the authorization before us today. More billions and many of them will be required to do the job which so desperately needs to be done. The economy, the health and the welfare of too many millions of citizens depend upon our action today and our intelligent planning and funding for the future.

I wish to express my complete support of today's bill to increase funds available under the Federal Water Pollution Control Act.

Mr. FEIGHAN. Mr. Chairman, water pollution is our greatest natural resource problem today. It is a manmade scourge that threatens the future of many people, and perhaps our country. No matter how much we have tried to solve the problem—and we have tried more and more in recent years—it has not been enough.

I strongly urge passage of H.R. 16076, so that we may expand and accelerate our attack upon this national problem, which affects us all. Unless we do that, our children might say that we did too little and too late.

The bill would make important improvements in the Federal Water Pollution Control Act. That act now authorizes Federal grants to municipalities to assist in construction of waste treatment works. In the last 10 years, Federal, State, and local agencies spent over $3.8 billion on such works, of which over $800 million was in Federal grants. But the backlog of needed treatment facilities, including obsolete facilities that should be replaced or supplemented, now requires the further expenditure of at least another $4 billion. We are on a treadmill.

This bill would increase the $150 million authorized for fiscal year 1967 for sewage works to $300 million for 1968, with further increases up to $950 million for 1971. We need these increases. They will benefit us all.

The bill would also liberalize the amounts that could be granted to communities for treatment works. It would double the present dollar limitation on grants for smaller projects from 1.2 to 2.4 million, and for projects serving two or more communities from 4.8 to 9.6 million. Under certain conditions the amount of the Federal grant could be up to 50 percent of the project cost.

The bill has other important features. One of the greatest sources of pollution is flow from combined storm and sanitary sewers. We have this problem in Cleveland, and in over 1,900 other communities. When these sewers were built, they had capacity for both rainwater and sewage. But population grew, while the sewage system capacity was fixed. So in heavy rain, sewage is washed into the surface waters, helping to ruin their quality. The act now allows the Federal Government to pay 50 percent of the cost of projects to demonstrate a new or improved method of controlling such discharges. The bill would allow the Government to pay 100 percent. We need to find an answer to this phase of the problem.

The bill provides for strong Federal support for an accelerated program of research including for the first time grants to industry. If we are to succeed in solving the problem of water pollution control, we must have the help of industry. The Federal Government would bear up to $1 million or 70 percent of the cost of research for any project that would have industrywide application. By stepping up research, we can evolve new tools and weapons and methods to carry out our national attack.

The bill has many other important and desirable features. It is a product of the careful, skilled, and dedicated work of members of the Public Works Committee, of which the inspired efforts of our colleagues, the gentleman from Oklahoma, BOB JONES, and the gentleman from Minnesota, JOHN BLATNIK, has been outstanding.

This legislation is of paramount importance to the future of our Nation. It would strengthen significantly our national program of water pollution control. We have no other course if we are to avoid national disaster.

Mr. HALL. Mr. Chairman, I have just learned that I may have to be off the floor of the House when the vote is taken on the water pollution bill. It appears there will be no opposition to this measure and that its passage is assured. Nevertheless, I want to make clear my support for this bill and the potential it affords for bringing us closer to the goal of clear, clean water. I have often said we must establish clear priorities in these times of deficit spending and, in my opinion, the priority which this bill deserves ranks far ahead of the measure which passed the House yesterday.

I am especially pleased that earlier today the House recognized the impor-

tance of pollution control by extending an exemption from the suspension of the investment tax credit to those firms in industry which seek to implement new pollution control measures.

Mrs. BOLTON. Mr. Chairman, I support H.R. 16076, as amended and reported by the Committee on Public Works. No more important single issue faces our country today than the problem of "good water." The steadily increasing pollution of the once-clear waters of the United States has become a problem of immediate concern to all citizens. The magnitude of this problem is so great that a solution must be found in short order, and such a solution will require the concerted action of all levels of government. We Clevelanders are, perhaps, more aware of this than others because of the condition of our own Lake Erie and Cuyahoga River.

The Federal Government has long played a leading role in the improvement of our rivers and harbors and has financed and directed irrigation and flood control projects since the early 1900's. However, it was not until 1956 under the Eisenhower administration that the first comprehensive Federal Water Pollution Control Act was enacted. Under this act, grants were made to States and interstate agencies for water pollution control activities, and to municipalities for the construction of sewage treatment works. Also, a permanent procedure for governing Federal abatement action against interstate pollution was established.

Although the 1956 act was a good beginning and laid a firm foundation for future action, it soon became apparent that, if this program were to be successful, there would have to be greater State financial participation in the construction of sewage treatment works. It was established clearly that Federal aid should serve as an inducement, rather than a substitute, for added State and local participation. H.R. 16076, as reported by the committee, accepts this principle. It contains substantial inducements to the States to participate in the cost of projects under both the accelerated existing program and the proposed clean rivers program.

The provisions of H.R. 16076 are as follows: It provides $2.45 billion for sewage treatment plants through June 30, 1971; it doubles the present dollar limitations on grants for smaller projects from $1.2 to $2.4 million and for projects serving two or more communities from $4.8 to $9.6 million; it would add an additional 10 percent to the present 30-percent Federal grant, making a total of 40 percent if the States contribute 30 percent; it would establish a new concept of incentive grants amounting to 10 percent for the development of basin plans for water pollution control; it would increase the total Federal grant by another 10 percent, or up to 50 percent under the basin plan, if the States matched to the extent of 25 percent of the total costs.

Another important provision of this bill lays the foundation for possible future legislation that could provide for additional pollution control and abatement. It directs the Secretary of Interior to conduct an investigation and study of methods for providing incentives to assist in the construction of facilities and works by industry to reduce or abate water pollution. This study shall include the possible use of tax incentives as well as other methods of financial assistance. A bill which I have introduced, H.R. 11866, would provide tax incentives for industry to meet this problem.

The pollution of our streams and waterways has been going on so long that we cannot expect a clean-up overnight, but we must make steady progress. Increased participation by the Federal Government along with State and local cooperation—made possible under H.R. 16076—should facilitate further progress in this area, in a partnership in which responsibility is shared.

Mr. FALLON. Mr. Chairman, without a doubt, the most perplexing and challenging feature of this very important legislation before the House Public Works Committee concerned the dollars to be authorized for the increased grants offered by this bill for the construction of waste treatment works. The members of our Committee all agreed that the present pace of the construction grant side of the pollution control program is too slow. We recognize that more needs to be done and that there is a tremendous backlog of projects in this country today, not to mention the fact that in addition to the backlog we must be prepared to re-build projects that are now obsolescent and to build projects that will match population increases. But, even with this knowledge, we lacked adequate information to support most of the proposed dollar increases.

We were told that the Conference of State Sanitary Engineers 1966 study estimated, based on a comparison of 20 cities, that the backlog alone in needed waste treatment works was $2.643 billion. The cities themselves, however, estimated that the true backlog is about 3.33 times the reported conference backlog or about $8.90 billion. Such a wide discrepancy makes one wonder about the reliability of either of these figures.

The administration's revised proposal of last July 20 recommended a new dollar authorization of $3.25 billion over a 5-year period beginning July 1, 1968. In addition, the administration's proposal would add an additional $50 million this year.

On the other hand, S. 2947, as passed by the other body, authorized $5.850 billion over a 5-year period beginning July 1, 1968. That bill did not change the amount of $150 million authorized for this fiscal year.

The committee was of the unanimous opinion that a substantial increase in the authorization was needed this year. The members believed that the time had come for the Federal Government to make a meaningful and, in the face of the staggering proportions of the job to be done, a realistic commitment to participate fully in obtaining the President's and the Nation's goal of cleaning and preserving "entire river basins from their sources to their mouths." The members of the committee clearly want the program to move at a swifter pace, but, let me emphasize, they did not want to turn this into a crash program. The job cannot be done overnight. Thus, the committee agreed to adopt the annual increments in the administration's proposal, except for the first year, but the committee limited the authorization to 4 fiscal years instead of the 5 years in the administration's proposal in S. 2947. The Committee added the $50 million, which the administration included in this fiscal year, to the first fiscal year of this new authorization.

The committee's authorization of $2.3 billion is the most reasonable estimate of the need. It will serve to stimulate the States and local communities into action on a much more accelerated pace, while at the same time it will not mislead them or lull them into the belief that the Federal Government is going to do the whole job. That is the message conveyed by the extremely accelerated increases authorized by S. 2947. We can ill afford to allow the States or the local communities to think for even a very brief period that the responsibility for pollution control now rests entirely with the Federal Government. This would be disastrous to the program. The States and local communities must continue to exercise the primary responsibility in the field.

Also, it should be remembered that this figure of $2.3 billion in the House bill or the $5.85 billion figure in S. 2947 is only an authorization. It is not an appropriation. With the increased costs of our foreign and other domestic programs, we cannot be assured that the actual appropriations will even approximate the annual authorization. Thus, we should not mislead the American people at this stage. To do so, would be courting a disaster which we cannot allow to happen.

Mr. BLATNIK. Mr. Chairman, I cannot agree more with the remarks of the distinguished chairman of the committee, the gentleman from Maryland [Mr FALLON].

We have come a long way since 1956 in our fight against pollution. The public awareness of the parameters of the problem has grown tremendously in these short 10 years. The Nation's cities, once quite passive, to the problem now are exhibiting encouraging signs of a keen and urgent desire to conquer pollution as quickly as possible. These cities, big and small, are, however, under great financial strain. The demands on their budgets stagger the imagination. They want to do the job, but they need help. Thus, they have turned to the Federal Government. We cannot turn our backs to them. We must be responsive. But, we should not delude ourselves or the cities into thinking that large sums of money alone will accomplish wonders. There is no doubt that substantially more money is needed, but that is not all that is needed.

When the members of the committee considered the problem of dollar authorizations, it was necessary to look behind the figures presented by the sanitary engineers and the cities. We had to look at the capability—other than

financial capability—of the cities to spend large sums, assuming appropriations approximated these large figures, in an effective manner. When we did this, we found that the cities had not yet "tooled up" for these sums.

One of the most important problems facing all cities of every size was the lack of adequately trained technical and professional people in the field of water pollution control. The Nation has made great strides in pollution control research in the last few years. We have concentrated our efforts in this area and in building waste treatment plants. But, to a large extent we have neglected a key element of effective pollution control, namely, trained personnel.

As we proceed on an accelerated pace—but not on a crash basis—we simultaneously create a need to intensify our efforts in supplying adequate personnel. We cannot hope to operate waste treatment plants efficiently and effectively until we have trained competent people. Thus, without this key element, it is unrealistic and wasteful to expand our efforts too greatly.

The bill before you today authorizes the Secretary to make a complete investigation to determine the need for additional trained State and local personnel to carry out pollution control. The study must be completed by July 1, 1967. In addition, the Federal Water Pollution Control Act now authorizes grants to cover the cost of training personnel. The committee has urged the Secretary to use this authority to the greatest extent possible.

Another problem facing the cities was created last year by the Water Quality Act of 1965. That act requires the States to establish water quality standards by June 30, 1967, and, if they fail to do so, the Secretary of the Interior must act. The uncertainty concerning what those standards will be makes it difficult for these cities to plan effectively. While we would not want these cities to wait, we can appreciate the problem.

A third problem is research. There are many areas in the pollution control field that need further research, such as the problem of storm sewers. More research is needed in the field of industrial waters. Research should include the development of techniques for area treatment of wastes, either as combinations of municipal and industrial wastes or as combinations of industrial wastes.

The solids resulting from treatment of wastes pose problems, particularly in metropolitan areas where land is not available for solid waste disposal. The practice of haulage of solids for disposal into lakes or ocean can merely change the location of water quality impairment. Research is urged into means of reducing the amount of solids and into methods of disposal which improve the overall situation.

The committee also understands that comprehensive studies have demonstrated the desirability of having more effective techniques to appraise the assimilative capacity of streams in order to better assess effects of increasing populations and industrial and agricultural usage. We believe that since the proper usage of such capacity is both an economic resource and an integral component in assessing water quality standards, demonstration projects to determine practical measuring and control techniques would be most desirable.

Also, since the objective of the pollution control program is to provide water of acceptable quality, research is needed to explore possible supplemental treatment techniques, and methods for treating the residual water quality problems which remain in areas where treatment facilities have been constructed. This would include methods which would permit harvesting algae and recovering silt from land erosion. Research is also needed to better define the water quality levels which do adversely affect those using the water.

H.R. 16076 provides additional research authority and funds which should be extremely useful in resolving this problem.

These are the problems facing the cities today. They are not insurmountable, but they must be considered in arriving at a dollar authorization that makes a meaningful Federal commitment to fight pollution and at the same time is not misleading.

Let me also emphasize, as my colleague, the gentleman from Maryland [Mr. FALLON], has done, that more reliable cost figures are needed relative to the national requirements under this program. We cannot effectively understand the scope of the problem until we obtain adequate cost data. The bill directs the Secretary of the Interior to submit this data for the 3-year period beginning July 1, 1968, to the Congress by January 10, 1968.

Again, let me urge passage of this vital legislation.

Mr. BROYHILL of Virginia. Mr. Chairman, I strongly endorse H.R. 16076. Those of us in northern Virginia at times tend to think of the Potomac as "ours." But the Potomac also belongs to the Nation. Likewise, the rivers, streams, and lakes of all sections of the country belong partly to Virginians. Pollution of any of our waters deprive all citizens of their usefulness and beauty, and I feel it is a necessary and appropriate Federal function to continue financial support of State and local programs to clean up our waters; to support research for improved means of preventing future sources of pollution; and to coordinate both of these efforts.

This bill is particularly commendable, I believe, from several standpoints. The authorization of $2.3 billion for the next 4 years appears to be realistic in terms of what can actually be used during that period. The planning of many projects is incomplete, and State and local financial resources are reported to be inadequate to supply their share of a more comprehensive program. The increased grants in this bill should in time help to alleviate the latter situation. Future legislation can increase the authorization, if it is found desirable, after results of a cost estimate study required by the bill are evaluated.

The increased flexibility of the grant program provided by H.R. 16076 and the incentive grants for projects in approved river basin plans should effectively stimulate more State and local participation. I feel this is an important step forward. The incentive grant formula is designed to be equitable to projects both in and out of an approved basin plan. It is geared to induce rapid development of new plans in a manner which will not slow down old programs.

Since water pollution has become such a harsh enemy to our natural resources, we all, perhaps, wish we could pass legislation that could feasibly do more now—I do—but I believe this bill sets a reasonable course. I hope it is enacted.

Mrs. REID of Illinois. Mr. Chairman, I support H.R. 16076, the Federal Water Pollution Control Amendments and Clean Rivers Restoration Act of 1966, because it is necessary legislation to further implement our efforts to meet a critical public problem which is growing in urgency every year. This legislation provides for reasonable acceleration of the current Federal grant program, includes greater State participation, encourages river basin planning, and authorizes research as to incentives necessary to reduce industrial, agricultural, and other types of pollution not related to municipal waste treatment programs. I am constrained to point out, however, that while this bill is definitely a needed and logical step in the right direction, it is not—as some might wish to believe—a Federal panacea for our entire water pollution problem. This task will continue to require the fullest cooperation of States and local governments as well.

There are few problems in America today as vital as our need for a present and future supply of clean, pure water. Not only does water pollution menace our public health, destroy fish and wildlife, and ruin natural beauty, it also adversely affects our manufacturing processes, reduces property values, and substantially raises our taxes. It is surprising to many to learn that the average individual in these United States daily uses over 60 gallons of water in his home. We are told, too, that if we were to prorate the amount of water used in our behalf by businesses, governments, and farms, on a per capita basis, it would amount to approximately 1,850 gallons a day—and by the year 2000, the rate will be 3,000 gallons a day for each person. It should be obvious to everyone, therefore, that as our population continues to expand, extensive reuse of our existing water resources in the future will be the rule rather than the exception; and we can expect a rising curve of water treatment costs to maintain essential quality standards.

As a member of the Committee on Public Works which has reported H.R. 16076, I feel that this bill will considerably assist in this ever-increasing effort to end the wasteful and unnecessary pollution of our Nation's most valuable natural resource. This bill, in my judgment, is an acceptable compromise of the several versions considered. Under this bill, there will be an increase in the maximum grants from $1.2 million to $2.4 million for individual projects, and

from $4.8 million to $9.6 million for projects serving a combination of several municipalities—or 30 percent, whichever is less. The present Federal contribution of 30 percent, if the State contributes 30 percent to all projects in any one fiscal year, is raised to 40 percent. Thus, the bill provides for sufficient acceleration in the Federal grant program and includes a substantial inducement to the States to participate in the cost of these programs. This provision will bring the States more actively into the program, will hopefully reduce the need for future Federal funds, and will stimulate and encourage local communities to provide adequate sewage treatment facilities.

Likewise, if a project is a part of an approved plan for water pollution control and abatement in a river basin, coastal waters, bays, lakes, and so forth, it is eligible for an incentive grant of 10 percent above the basic 30 percent grant provided in existing law, with no dollar limitation. The Federal grant would then be 40 percent and may even be increased to 50 percent if the State agrees to contribute 25 percent for all projects constructed in any fiscal year.

It should be emphasized, however, that this bill, aside from providing for basin planning, is still primarily an expansion of the existing Federal program of grants for constructions of municipal sewage treatment plants. It will not solve pollution problems arising from the many sources unrelated to municipal sewage. Thus, to call it a "clean rivers" bill would be a misnomer. But it does lay the groundwork for more comprehensive future legislation by authorizing a study of tax and other incentives to abate industrial pollution, methods to control agricultural pollution, as well as Federal grants for research and demonstration projects.

I believe, too, that H.R. 16076 is far more realistic with regard to cost than the bill already passed by the Senate. Whereas S. 2947 would authorize $6 billion for grants through 1972, our committee's bill proposes $2.4 billion through 1971. This would appear to be more in line with the ability of States and communities to properly utilize these funds and also reduces the inflationary effect at a time when inflation is of widespread concern. It must be remembered further that numerous other Federal programs offer similar assistance in this field.

Mr. FOGARTY. Mr. Chairman, H.R. 16076 represents an adept melding of several compelling arguments on the extent to which the national water pollution control effort should be accelerated. I believe it presents the most reasonable course of action that can be taken at this time.

There should be no need to describe again the critical water problems which the country faces today and which, without stepped-up action, will worsen in the very near future. A portrait of the pollution-caused waste of our water resources was presented to the Congress just last year and was the reason for passage of the Water Quality Act of 1965. The situation is virtually no better today. This year, the sixth consecutive year of drought in this section of the country, brought water use restrictions to this very building.

In light of the seriousness of the problem, one of the few critical questions which can be raised concerning H.R. 16076 is whether this legislation goes far enough. The $2,450 million which the bill authorizes for sewage treatment plant construction over the next 5 years is admittedly not the final solution to the water pollution problem. It does, however, authorize for fiscal year 1971 an amount more than six times greater than the authorization for the current fiscal year. And there is a legitimate question whether the States will be able to utilize even the full amounts which are authorized under H.R. 16076. The bill provides attractive incentives to encourage the States to take advantage of these funds. The problem is can the States gear up their pollution control efforts to even the comparative moderate pace which is set by this bill.

The cost estimate study which the bill authorizes will hopefully end the confusion over present estimates of the size of our pollution problem. When better data from that study is presented, we can extend or adjust the authorizations accordingly. In the meantime, we should certainly be more than willing to provide the amounts called for in H.R. 16076, amounts which we know are necessary and which we know stand the best chance of being put to good use.

I would like to mention that three different municipalities in my district of Rhode Island have passed formal resolutions urging support of this bill, and one newspaper, the Observer wrote a front-page story making the flat statement that the clean rivers pilot program "could save the Woonasquatucket River" from extinction.

As the scope of pollution control broadens, the need for coordination and planning increases also. The clean rivers restoration program of H.R. 16076—the river basin pollution control provisions—permits this coordinated approach. By providing up to 50 percent of the cost of municipal sewage treatment construction in these basins, this bill makes possible the elimination of municipal pollution from entire rivers. Basinwide plans, developed jointly by the States, will be subject to review by the Department of the Interior, the Water Resources Council, and the Department of Housing and Urban Development, with the Congress having the authority for final approval.

The health aspects of this planning would seem to come under the purview of the Department of Health, Education, and Welfare, although that Department is not mentioned in section 203 of the bill. However, in view of the "Interdepartmental Agreement Concerning Consultation Between Departments of Health, Education, and Welfare, and the Interior," dated September 2, 1966, this additional coordination is covered.

The $228 million in research expenditures which H.R. 16076 authorizes through fiscal 1969 is worthy of mention also. This includes more than $56 million for badly needed industrial pollution research. It also includes $3 million for studies of estuaries. Our estuaries, as every coastal State knows, are in dire need of pollution abatement if they are to continue as sources of our shellfish and as recreational areas. The authorized comprehensive estuarine study, which will be completed in 3 years, will include recommendations for a comprehensive national program for their preservation, study, use, and development.

H.R. 16076, then, presents a well-planned program of continued and reasonably accelerated water pollution control. It will permit us to move ahead with a national clean-up campaign while providing the facts that will enable us to evaluate and improve these efforts in the future.

Mr. BATES. Mr. Chairman, water pollution control is one of the most important, but costly, domestic problems in our Nation today. In recent years, the Congress has taken definite steps toward solving that problem, but we still have a long way to go.

Before us today is legislation which offers another major advance toward the goal. The principal handicap confronting the cities and towns charged with contributing to cleaning up our rivers is the enormous expense of constructing the necessary sewage treatment plants. The total cost for restoring cleanliness to the rivers of the United States has been estimated as high as $100 billion.

No one should be mislead into believing, therefore, that the title of the "Clean Rivers Restoration Program" in this pending bill means the problem is being suddenly eliminated. The title spells out the objective rather than assuring its attainment in one big flourish. In that regard I believe we are here on the right track.

As to the amount of money authorized by this bill, although it is less than that sought by the Senate-passed bill, S. 2947, the figures herein appear more realistic under existing conditions. It is conceivable, of course, that as more and more States follow the lead of my home State of Massachusetts in taking advantage of the incentive provisions of this and previous legislation, the authorizations for some of the future years may justifiably be revised upward.

Let me for a moment refer back to the situation in Massachusetts. Through the initiative of Governor Volpe and a select legislative committee headed by Senator Ward of Fitchburg, a comprehensive bipartisan study was made into the pollution control needs in the Commonwealth—inspired by the provisions of the Water Quality Act of 1965 and the prospect offered by the proposed clean rivers program. As a result, the Massachusetts Legislature this year voted to bond $150 million for use in providing the State's share and easing the burden of the individual communities—and thereby entitle Massachusetts to a larger allocation of Federal funds.

I do not believe that any State has thus far done more to meet the great cost factor for construction of sewage treatment plants, which the bill before

us so materially helps. In fact, the Federal construction grant authorization for pollution control purposes in the current 1967 fiscal year is only $150 million for the entire country—giving some idea of the Bay State's determination, aided by a bond for that amount, to lick its own river pollution problem.

Massachusetts and other New England States are out in front in another respect related to cleaning up our area's rivers. The Governors of the six New England States were the first to request formation of a river basins commission. One year ago this coming October 15, the Federal Water Resources Council approved creation of the New England River Basins Commission as the first such organization so sanctioned. I was pleased to be advised recently that the signing of the Presidential order to formalize this commission is imminent.

The clean rivers restoration program we are now considering, it is good to note, provides for incentive grants for up to 50 percent Federal participation for river basin plans to achieve proper water quality control. In this regard the New England River Basins Commission should be in the forefront in developing such a plan, particularly insofar as the Merrimack River Basin is concerned. The Massachusetts portion of this basin is primarily in my congressional district, so I naturally am hopeful that this phase of the program before us will lead to early launching of a basin project for the Merrimack River.

Although this bill does not go as far as I would like to see in respect to incentives for industrial construction of sewage treatment plants, it does provide for a study by the Secretary of the Interior looking toward appropriate future legislation. We will not have truly "clean rivers" until treatment of industrial sewage not tied in to municipal sewer systems is also assured. Toward that end I have submitted a bill to give industries income tax credit for the expenses of installing their own treatment plants. I hope some such legislation will be enacted to help provide the missing segment of the clean rivers restoration program.

Mr. Chairman, I believe that the committee has here produced a basically sound bill, and I urge its approval and early resolving of its differences and those of the Senate-passed measure so that we can get on with this vital program.

Mr. BOLAND. Mr. Chairman, I rise in favor of H.R. 16076 to amend the Federal Water Pollution Control Act.

This legislation will provide for the development of basin pollution control and abatement plans through the establishment of additional incentives; and by increasing grants under the existing program for waste treatment.

The bill will accomplish this by providing $2.45 billion for sewage treatment plants through June 30, 1971; double the present dollar limitations on grants for smaller projects from $1.2 to $2.4 million, and for projects serving two or more communities from $4.8 to $9.6 million; add an additional 10 percent to the present 30 percent Federal grant, making a total of 40 percent if the States contribute 30 percent.

This legislation also will establish a new concept of incentive grants amounting to 10 percent for the development of basin plans for water pollution control; will increase the total Federal grant by another 10 percent, or up to 50 percent under the basin plan, if the States match to the extent of 25 percent of the total costs; will provide $228 million for research through June 30, 1969; will authorize financial help to the States in preparing basin plans; will provide reimbursement for projects starting after June 30, 1966; and will authorize studies of cost estimates, additional State personnel, financial assistance to industry, research on industrial wastes, and estuaries.

Mr. Chairman, at this time I want to compliment Senator EDMUND MUSKIE, of Maine, and Senator EDWARD M. KENNEDY, of Massachusetts, for their leadership in the Senate in pushing this legislation through Congress; and the League of Women Voters, for their long and active interest in this very important legislation. I would also like to commend State Senator Joseph D. Ward, of Fitchburg, Mass., for his leadership in the Massachusetts Legislature, which recently enacted a clean water act designed to give financial assistance to Massachusetts communities as a supplement to Federal assistance under the Federal Water Pollution Control Act in an effort to combat pollution on Massachusetts streams; and to State Representative Roger L. Bernashe, of Chicopee, who is chairman of the Massachusetts Legislative Committee on Water Supply and Water Resources, for his efforts in battling against the further pollution of Massachusetts rivers.

On September 6 last I joined Senator KENNEDY, Congressman SILVIO CONTE, and Secretary of Interior Stewart Udall in an inspection of the Connecticut River. The Secretary had been invited by Senator KENNEDY to tour the major rivers in Massachusetts and to see first hand the need for further Federal financial assistance in the construction of sewage treatment plants so that communities can help clean up pollution on the Connecticut, the Blackstone, the Merrimack, and the Charles Rivers in our Commonwealth.

Mr. Chairman, the double threat inherent in water pollution, that to public health and that to the historic natural charm and beauty of our country, should prompt us to act quickly and wisely, before our rivers are fouled beyond feasible recall, or to a point where expenses of such reclamation will be gigantic. In view of such an encroachment of industrial waste and public sewage on the beauty of our richly endowed Connecticut River, I introduced a bill in the House a short time ago to authorize the Secretary of the Interior to study the feasibility and desirability of a Connecticut River National Recreation Area. This study included provisions for the cleansing of the water itself. H.R. 16076 is similarly designed to cope with this growing danger of stagnation and ugliness on our national waterways.

This far-reaching and imaginative bill is the latest and most comprehensive in a series of pollution control laws of ever-increasing scope. It complements logically the original Federal Water Pollution Control Act, and such related measures as the Water Quality Act of 1965. This act also strengthens other existing laws, including the Oil Pollution Act of 1924. By removing the upper ceiling restrictions on Federal grants for sewage treatment plants by providing a 30-percent grant regardless of the total cost of the project, this bill entices increased activity, by State and local governments, in pollution elimination programs. Also, further encouragement is supplied by a bonus of 10 percent of the total project cost to be awarded to communities developing comprehensive metropolitan plans.

This supplement would bolster tremendously the efforts of the 26 pollution-plagued Massachusetts communities along the Connecticut River that are now striving to hold back the ominous buildup of filth and refuse in their river. Such grants would be of significant aid in defraying the estimated $20 million it will cost these cities and towns to construct adequate facilities. Without this aid, many of these communities would lack the resources to undertake such projects themselves.

In addition to all these highly beneficial services which this act authorizes, it also stipulates that scientific research and experimentation take place. It is evident that if we are to ever finally win the war against water pollution, we must better understand its various forms and the precise ways in which it affects our rivers. Specifically, this legislation calls for detailed study of the pollution problem in estuaries and estuarine zones of the United States, and a study by the Secretary of the Interior of the final big picture impact and costs of pollution control and abatement. In respect to efficient implementation of all these endeavors, this bill would cause a study concerning the need for additional trained State and local personnel to carry out the program pursuant to this act.

Mr. Chairman, for all these important and pertinent reasons, I urge the adoption of this forward-looking piece of legislation in order that clean, healthful, and beautiful waterways be restored to the bounty of national resources.

Mr. CONTE. Mr. Chairman, it is a privilege for me to identify myself and my district with the work that is being done by this Congress in the field of water pollution abatement and control and to acknowledge the debt of gratitude owed the Public Works Committee for the attack that has been launched at its urging for clean water, which will be continued in this legislation.

We have only begun to fight this problem, but the efforts of the able members of this committee and their counterparts in the other body—the "Mr. Cleans" of the Congress as described by the Boston Herald—have awakened the awareness of our people across the country and made possible the first, difficult steps in the long journey toward restoration of our clean waters.

The spotlight of public attention has been glaringly focused on continuing and ever-increasing pollution of our water resources in recent months. Studies, articles, proposals, and recommendations have been numerous, indeed. While there remains little left to be said with regard to the preciousness of our natural water resources or the critical threat to those resources from pollution—uncontrolled and unabated—I believe a recent article, titled "Our Dying Waters: The Story of a National Disgrace," very aptly speaks the mind of most of us.

With regard to this country's water resources, our heritage of clean water, the article's author, John Bird, says:

> We Americans were privileged to start our national life on a virtually unused, unspoiled continent. The country which became the United States was vast and beautiful, a landscape of mountains, valleys and plains, all drained by one of the world's most generous systems of waters: crystal-clear mountain brooks, meandering lowland creeks, great rolling rivers, massive fresh-water lakes and salty bays and estuaries. Here was a primary source of life, wealth and enjoyment beyond measure, it seemed to our forefathers—enough good water to meet a nation's needs for all time to come.

The author continues, addressing himself forcefully to the despoilation of these resources—the manmade threats to our supply of clean water:

> Within a few generations we have fouled and degraded our beautiful waters. We have filled our streams with raw excrement and garbage laden with disease. We have stained them with oil, coal dust, tar, dyes and chemical "liquors" discharged by industries. We have burned them with powerful acids which destroy all aquatic life except a stringy, loathsome type of algae. We have turned them gray and murky with silt and sludge, smothering shellfish and other forms of bottom life. We have used them to dispose of residues containing long-lasting poisons, some so powerful that less than one part per billion in a stream can kill fish. And, as though to show our contempt for our natural scene, we have dumped billions of tons of trash and offal in our once lovely waters: beer cans, worn-out tires, old mattresses, rusty oil drums, refuse from hospitals, broken glass, dead animals, junked automobiles.

Can any one of us turn deaf ears to this indictment? I cannot shut my eyes to the warning signs posted the length of Rock Creek, which I pass each day on my way to and from my office, cryptically warning: "No Wading or Swimming. Polluted Water." Visitors to Mount Vernon, walking down to the boat landing on the Potomac River, a matter of a few hundred yards from the home of our first President, are greeted by a sign advising: "Do Not Come Into Contact With Polluted Water."

Massachusetts' First Congressional District is not immune.

My hometown newspaper, the Berkshire Eagle of Pittsfield, commenting editorially on two bills I introduced in February of this year in my fight against water pollution, described three rivers in my district as "horrible examples" of polluted waters.

Flowing across the easternmost area of the First District is New England's longest river, the Connecticut, singled out by the Federal Water Pollution Control Administration for a pollution conference late in 1963, and subsequent enforcement action.

An increasing number of letters come into my office to report divided interests vying for water rights to lakes and reservoirs, of dead game fish in mountain streams, and low water levels leaving boating and swimming areas inaccessible and unusable, of slack streamflows and falling water levels concentrating the pollution.

All of this has taken place in an area described in writings of the 19th century as "a landscape that combines every variety of beauty—valleys, small lakes glittering like sapphires, noble masses of granite rocks, clear mountain brooks, and sunset glories."

The time for decisive, far-reaching action in Massachusetts can be delayed no longer. I am sure the same can be said for virtually every State and every congressional district in the Nation, whether that action is called for on a broad scale or in terms of a single treatment facility.

The action of this body, in approving H.R. 16076, will be the hallmark of the future for our water resources and our ability to allay the threats to those resources through research, development, engineering, planning, construction, and management of pollution abatement and control programs and facilities.

The two pieces of legislation I introduced earlier this year, H.R. 12454 and H.R. 12455, embodied my views for an approach to cleaning up our waters.

The first of those bills provided for an amendment to the Federal Water Pollution Control Act, as amended—most significantly by the Water Quality Act of 1965—to increase the Federal and State participation in the local community projects, thereby relieving the heavy financial burden imposed by the construction of essential, but costly, sewage treatment facilities.

The 30-percent Federal grant would be increased to from 45 to 60 percent of the project cost, dependent upon matching by the State of the additional Federal participation.

The second bill, while without the jurisdiction of the Public Works Committee, must have the support and encouragement of everyone concerned with meeting the challenges of water pollution, in order for it to succeed. I refer, of course, to legislation allowing tax incentives to industry when they install appropriate treatment facilities to treat their industrial wastes.

Legislation of this tenor is not new in this Congress. What is new is that, perhaps for the first time, the impetus can be felt for action on a legislative measure of this sort. I pledge my complete cooperation and support for this phase of the fight against pollution.

Clean water can no longer be considered to be a free commodity. It is not. It is essential to recognize this if we are to develop abatement programs equal to the task that must be accomplished. It cannot be said that any particular segment of society should bear the burden of the billions of dollars that will be required to clean up our water. It is not a local, State, or Federal community problem alone. It is not the problem of the private sector any more than it is strictly a government problem.

The revulsion of polluted water is universal. Water life cannot live in it; humans cannot drink or play in it; manufacturers cannot draw on it for industrial purposes.

The dividends of clean water are, likewise, universal. So, then, must be the responsibility for the costs of cleaning it—and the incentive for every sector to incur that cost.

The underlying philosophy of the legislation I have written is obvious. It is one of incentive: the incentive of involvement for the States and the incentive to take action for the private industries.

Remarks of the Public Works Committee, in the report on the Water Quality Act of 1965, were directed to the involvement of the States in what had, heretofore, been a local-Federal communities relationship:

> The committee is hopeful that the States will assume full partnership in assisting municipalities to provide for their necessary treatment works by sharing the financial burden which these cities are often unable to shoulder even with the Federal assistance otherwise available. This is a most important and forward-looking step toward the solution of our vast water pollution problems. For if there is State participation there will be for the first time on a nationwide basis a joining together of the Federal, State, and local communities to solve this problem. The participation of all will insure a swifter cleanup of our Nation's waters and at the same time will lighten the financial burden on all governments.

Unfortunately, the States have not responded as was expected to the incentives provided in the legislation, and the communities, willing to undertake pollution abatement and control measures, have, in many instances, simply been unable to assume the heavy financial burden involved. The mere handful of States that have programs of grants to match Federal funds or to facilitate local community action is mute testimony to the need for greater incentives.

I am happy to be able to report that Massachusetts has joined the ranks of those States with such programs. It not only has joined those ranks, but has taken a special position in the vanguard of State action in this area. On September 6, the Massachusetts Clean Waters Act became the law of the Commonwealth. That law has been described as incorporating "the most advanced thinking on water pollution control measures" and applauded by Secretary of the Interior Udall as placing Massachusetts in the ranks with New York and Wisconsin in comprehensive water pollution legislation. I am proud of this action in my State and hope that many other States will act in a similar fashion very quickly. The Commonwealth is now authorized to provide enough money in grants to communities or districts to qualify for the Federal grants proposed in the legislation now before this body. We in the Bay State are ready.

Increased incentive measures on the part of the Federal Government will require our increased financial commitments to depollution. It has been reported that our towns and cities are now spending almost $600 million a year on pollution control systems. The Water Quality Act of 1965 authorized $150 million a year, to be spent on research, development, and construction of pollution treatment methods and facilities. But, we have a backlog of pollution problems—a backlog estimated to have a price tag of more than $40 billion, just to catch up to the needs of this country today. Without the increased financial commitment authorized in H.R. 16076, that backlog will build and build and today's problems will not be resolved for decades. One writer has wryly commented: "We may choke on our own filth by then."

So long as we have one quarter of our towns and cities without treatment facilities of any kind—primary, secondary, or tertiary—for their raw sewage; so long as more than half of those communities with treatment plants treat sewage only at the primary level; so long as the warning signs of pollution increase daily in the form of dead water life, lost recreational opportunities and water shortages; we must not be diverted from the program we have undertaken in the legislation of the past.

The language of H.R. 16076 is directed squarely at meeting these threats. It represents an ambitious program and an exciting prospect which will enable this country to do more than merely hold back pollution. Its farsighted provisions—grants for research and development, grants and loans for treatment facilities construction, enforcement powers for water quality standards, to name just a few—are equal to the challenge with which we are faced.

We stand at the crossroads of decision. The road we take from here may be determined solely on a dollars and cents basis. It is, indeed, a question of billions of dollars. As such, we must be practical enough to see the problem in this context and commit the financial resources to meet the needs.

Each day that we hesitate and delay, each day that we continue to divert our efforts merely around the fringe of the problem, is a matter of dollars and cents, too; billions of dollars of lost economic opportunities and irreplaceable water resources destroyed.

It is predicted that by 1980, the world's demands for water will be exactly equal to the supply available. We are custodians of that supply today. It is not a fluctuating supply, but virtually constant. We may be better able to utilize portions of the water resources, at our disposal today, in the future. We may have dirtied even greater portions of those resources.

By 1980, the water needs can only be met if today's water supply is clean—cleaned by our efforts in the coming years. If we had concentrated our efforts a decade ago, the fight would still be an uphill one.

Author Bird has summarized the problem very succinctly.

The key question still is: "Can we save our waters?" and as of now the answer, at best, is only "Maybe."

Mr. REUSS. Mr. Chairman, I rise in support of this timely legislation which is another forward step in the fight for clean water.

There are four provisions of this bill to which I would direct my remarks:

First. The new clean rivers restoration program, which gives incentive to States to prepare and develop pollution control and abatement programs for entire river basins;

Second. The expanded research and development program;

Third. The enlarged authorization for Federal grants to municipalities for waste treatment plant construction; and

Fourth. The important, but little-known provision calling for a study of the manpower requirements of State and local pollution control programs.

THE NEW CLEAN RIVERS RESTORATION PROGRAM

Title I of this bill will, for the first time, give Federal incentives to States to attack water pollution problems on a river basin scale. The river basin approach to water pollution control and abatement has proved itself in the past 50 years in Germany's heavily industrialized Ruhr Valley. Here, in a 4,300-square-mile area, one-half as large as the Potomac River Basin, in which 8 million people and about 40 percent of West Germany's industrial capacity are squeezed, a group of organizations, the Genossenschaften, have designed, built, and operated an integrated regional system of waste disposal and water supply facilities.

The results have been spectacular—the limited water supply of the Ruhr district adequately supports the growth of its cities and industries and provides increasing recreational use of its waters for boating and swimming.

More recently, in 1961, the Delaware River Basin Commission was established to plan and utilize the water resources of the Delaware River Basin. In 1962, the Federal Water Pollution Control Administration launched its Delaware estuary comprehensive study. The objective of the study is to develop a water pollution control program for the Delaware River's tidal stretch below Trenton, N.J. A report setting forth alternative water quality objectives and the costs of attaining them was presented to the Delaware River Basin Commission in July. The commission is now studying the report.

This comprehensive water pollution control program may serve as a model for similar efforts which will be stimulated by title I of the bill we are today considering.

I am happy to report that the State of Wisconsin stands ready to take part in this new river basin program. Chapter 614, Wisconsin laws of 1965, provides that no more than 12 regions be established in the State on the basis of factors such as river basins, watersheds, population, and economic factors. Each region will have an eight-man advisory board to advise on water problems of the region. And not later than July 1, 1968, the Wisconsin Department of Resource Development must have formulated a plan and a program "for the prevention and abatement of water pollution and for the maintenance and improvement of water quality" for each region. The Governor can then submit this plan and program to the Secretary of the Interior for approval pursuant to section 202 of this bill.

Thanks to the efforts of the Federal Water Pollution Control Administration, the State, and local governments, we already have in the Milwaukee River Basin an interim action program for combating pollution. I have urged Wisconsin Gov. Warren Knowles to appoint the regional board for the Milwaukee region immediately so that we may have the board's help in carrying out the program.

With this headstart, I would hope that the Milwaukee River Basin would be one of the first in the country to have their river basin antipollution plan approved by the Secretary of the Interior and by Congress so that the municipalities in the area, so much in need of Federal aid for waste treatment plant construction, would qualify for 50-percent Federal grants as provided for in this excellent bill.

THE EXPANDED RESEARCH AND DEVELOPMENT PROGRAM

H.R. 16076 contains an excellent provision, section 203, for stepped-up research, development, and demonstration of new methods of treatment of both municipal and industrial wastes.

Under this bill all research, development, demonstration, and training programs, including the program for eliminating wet weather discharges from combined storm and sanitary sewers, will receive a $75 million annual authorization for 3 years. In fiscal 1966, programs covered by this new authorization received only about $46 million to carry out their many responsibilities.

Only last June, the Research and Technical Programs Subcommittee, of which I am chairman, in House Report No. 1664 made clear the need for a vastly greater authorization for the Federal Water Pollution Control Administration's advanced waste treatment program. This program, which has been operating on a meager $1 million annually since 1960, has been able to turn municipal sewage into water fit for drinking at a cost which promises to be reasonable. At Lebanon, Ohio a small 75,000-gallon-per-day test plant is performing this feat for 40 to 50 cents per 1,000 gallons. This year at $1 million, 5-million-gallon-per-day field evaluation plant—capable of processing the sewage of a city of 35,000 people—is planned for construction.

A recent feasibility analysis of the Federal Water Pollution Control Administration indicates that a 100-million-gallon-per-day plant, costing $33 million, to serve the New York City area could produce potable water at an entirely reasonable cost of 16 cents per 1,000 gallons. Once the feasibility of these new methods is demonstrated, the new waste

treatment plants which will be constructed as a result of the enlarged Federal construction grant program can incorporate these breakthroughs in waste treatment technology. I would hope that the $75 million annual authorization provided for in this bill would greatly hasten the day of this demonstration.

THE ENLARGED FEDERAL WASTE TREATMENT FACILITY CONSTRUCTION GRANTS PROGRAM

Section 205 of H.R. 16076 provides for $2.4 million over a 5-year period, fiscal 1967 through fiscal 1971 inclusive, for Federal grants to municipalities for construction of waste treatment facilities. This is an average annual authorization of just under $500 million. By comparison, S. 2947, the Muskie bill which has passed the Senate, would authorize $6 billion of expenditures over a 6-year period—an average of $1 billion annually.

Six billion dollars is 30 percent, the present Federal share, of the $20 billion of construction which the Environmental Pollution Panel of the President's Science Advisory Committee has estimated would be required to provide secondary treatment of wastes for 80 percent of the U.S. population by 1975.

An expenditure of this magnitude is necessary if the Federal Government is to do its share in cleaning up the Nation's rivers and streams. And is it really such an enormous expenditure? It pales, for example, beside the $5 billion annually we are spending on our civilian space program. The Muskie bill authorizes spending over 72 months to restore the Nation's waters the same amount which we spend in only 14 months to explore outer space.

Judged from another perspective the authorization would be an average of $5 a year or 42 cents a month per citizen as the Federal contribution to treat our municipal sewage wastes—slightly in excess of the cost of a pack of cigarettes, a bottle of beer, or a gallon of gas.

I have recently taken part in a hearing of the House Natural Resources and Power Subcommittee on Water Pollution in the Milwaukee area. At the hearing we explored in detail the sources of pollution in the Milwaukee River Basin area. The problems of this one river basin typify the water pollution problems of other river basins throughout the country.

Here are the pertinent facts: 13 of 14 waste treatment plants discharging wastes into the Milwaukee River are today inadequate, even though all now offer secondary treatment. The one plant which passes muster will open at West Bend, Wis., next spring. It was financed in part by a 30-percent Federal grant.

Of the 13 inadequate plants, 8 were less than 90-percent efficient in removal of biochemical oxygen demand—BOD_5—and 11 do not disinfect their effluent.

No one knows the cost of bringing these plants up to acceptable standards. If this legislation is passed with an authorization which will do the job, it is hoped that within 6 months these municipalities will make application for Federal assistance to make the necessary improvements.

Without this $6 billion authorization, there is little incentive for these municipalities to plan new construction. Federal antipollution money is so scarce in Wisconsin, as elsewhere, that a municipality has to wait in line for years to receive any.

Metropolitan Milwaukee has long been a leader in municipal sewage treatment. In the 1920's it pioneered the activated sludge secondary treatment process. It alone of all U.S. cities dries excess sludge and sells it directly as organic fertilizer—Milorganite.

As you might imagine from its past record, the Milwaukee Metropolitan Sewerage Commission is abreast of the times. Its 200-million-gallon-per-day Jones Island plant provides 95-percent effective BOD_5 removal and removes 80 percent of the phosphorous in the sewage it processes. It has achieved this high efficiency largely without Federal aid because the Federal program has been so small and has had stringent dollar limitations on the maximum amounts of Federal grants for any one waste treatment project. Since the Federal waste treatment construction grant program began in 1956, the Metropolitan Sewerage Commission has spent $72.5 million for construction eligible for Federal grants and received only $1.5 million in Federal aid.

It now has programed $37,750,000 of improvements through December 31, 1975, which under this bill would be eligible for at least $15,100,000 or 40 percent Federal waste treatment plant construction aid. These improvements include the addition of $15 million of secondary treatment facilities at the commission's new 130 million-gallon-per-day South Shore treatment plant which will begin primary treatment operation next July.

If the Metropolitan Sewerage Commission is to receive the money to which it will be entitled under this bill, and, in addition, the needs of communities in the Milwaukee River Basin and all of Wisconsin are to be satisfied, it will be necessary to authorize $6 billion over the next 6 years as called for in the Muskie bill. Wisconsin's share of this authorization would average $20 million per year.

At the recent Milwaukee water pollution hearings of the Natural Resources and Power Subcommittee, Mr. Theodore F. Wisniewski, who is in charge of Wisconsin's waste treatment facilities grant program, testified that this year's authorization of $150 million will enable only five new projects to be begun in all of Wisconsin. These projects will receive approximately $2 million in Federal grants.

Today 60 Wisconsin communities have made application for over $7 million in Federal grants-in-aid. All would be ready to break ground by next spring at the latest were Federal funds available. This bill, with its $150 million authorization for fiscal year 1967, means that 55 Wisconsin communities will be forced to build without Federal funds or to delay construction for at least a year.

And these figures do not reflect the even more numerous communities which need new waste treatment plants but have not made application. For example, not one of the 13 municipalities discharging inadequately treated wastes into the Milwaukee River has submitted an application for Federal aid and is included in this list.

The Wisconsin backlog is enormous.

The shortage of Federal money has an even more critical effect on the pace of waste treatment plant construction in Wisconsin now that the State has passed its excellent new Water Pollution Control Act. Secretary Udall recently called this act the finest piece of legislation yet enacted in the national fight to preserve clean water.

The act provides for State assistance to localities of one-third of their total costs—site, construction, and financing—of building waste treatment facilities. It will pay a full one-third share of $300 million of the total costs of building treatment plants. But it is doubtful whether Wisconsin localities will take advantage of this State aid if Federal 30-percent aid is not also forthcoming. Thus, the Federal program threatens to stall the excellent new State program.

Moreover, if this State program qualifies under H.R. 16076, it will mean that the bill's authorization will be even more inadequate. Dollar limitations will be removed on individual projects and the Federal share will be stepped up from 30 to 40 percent throughout the State and to 50 percent in approved river basin areas.

Wisconsin stands ready to pay its one-third share of $300 million of the total costs of building waste treatment plants. H.R. 16076 would pay the Federal 30-percent share of only $163 million of construction, and 40 percent of only $122.5 million of construction.

The Muskie bill, on the other hand, would pay 30 percent of $400 million of construction and 40 percent of $300 million of construction.

Mr. Chairman, the Wisconsin case should emphasize the tremendous need for construction of waste treatment facilities and the present backlog of applications. It should, moreover, indicate the need for the $6 million Muskie bill authorization.

THE STUDY OF THE MANPOWER REQUIREMENTS OF STATE AND LOCAL POLLUTION CONTROL PROGRAMS

Section 203 of this bill would direct the Secretary of the Interior to make a study of the additional manpower needs of State and local governments in order to carry out the provisions of the bill and other recent water pollution legislation. The Secretary is also to report on how existing Federal water pollution programs can be used to train water pollution control technicians for employment by State and local governments. The findings of the study are to be reported to the President and to Congress by July 1, 1967.

This study is sorely needed. Water pollution legislation already passed by

this Congress has greatly strained available manpower resources.

Last session we authorized over $200 million of additional Federal funds for construction of waste treatment facilities and for research and development. The bill we are today considering would raise Federal waste treatment facility construction grants in 5 years over sixfold to $950 million—the Muskie bill would authorize a tenfold increase to $1.5 billion in 5 years time—and would increase the research and development authorization by approximately $30 million this fiscal year.

The net result is that the State and local governments which will do the construction and operate the new waste treatment plants may find themselves with the needed money but without the necessary engineers to do the job. Mr. Russell Lynch, an astute student of water pollution problems and a member of the new Wisconsin Water Resources Board, testified at the Milwaukee water pollution hearings that the shortage of trained manpower available to State and local governments is acute.

I should hope that the Secretary's study will produce imaginative suggestions for programs which the 90th Congress can enact to close the manpower gap which we have created.

Mr. Chairman, the Public Works Committee has again done a great service for this House by creating and reporting this fine bill. Together with the Water Quality Act of 1965, which was also a fruit of the committee's labor, H.R. 16076 will stand as landmark legislation in the continuing fight for clean water. I urge the House to enact it.

Mr. RYAN. Mr. Chairman, H.R. 16076, a bill to amend the Federal Water Pollution Control Act, is directed toward solving the overwhelming problem of pollution in our society. I am disappointed, however, because I feel that this legislation does not reach the magnitude of the problem. The district that it is my privilege to represent borders on one of the great rivers of this Nation—a river with a splendid history of service to this country, but a river that is now foully polluted. This legislation provides for Federal programs in sewage treatment, basin plans, and incentive grants in research and development. It would help to alleviate the unhealthy condition which plagues the Hudson as well as countless other great rivers of this Nation. The Federal Water Pollution Control Act would now provide for the development of basin pollution control and abatement through the establishment of additional incentives, and would provide greater grants for waste treatment. These are certainly steps in the right direction.

As a member of the Committee on Science and Astronautics, which conducted hearings on the adequacy of technology for pollution abatement, and, as a representative and inhabitant of an area that is profoundly affected by this problem, I have been interested in the techniques and methods for pollution control and abatement for quite some time.

Many witnesses appeared before the Science and Astronautics Committee subcommittee to present their views and suggestions on the water pollution problem. Without exception, they recommended more extensive Federal efforts in the funding and initiating of abatement and control projects. Clearly, extensive Federal participation in this field is more than a necessity.

I am disappointed with this bill. While I feel that H.R. 16076 is a significant and valuable contribution, I do not feel that it is sufficiently extensive. Its attack on this critical problem is mitigated by self-imposed restrictions. It is, one might say, a watered-down version of the bill passed unanimously by the Senate.

The bill provides a total of $2.3 billion in new authorizations for a 4-year period, or an average of $575 million annually. The Senate-passed measure, on the other hand, would provide a total of $6 billion for a 6-year period, or, $1 billion annually. Thus, the Senate-approved program furnishes more than twice as much financial support, and it authorizes the program for 2 years longer. The problem of our polluted rivers—and, as the committee noted, hardly any American river is free of putrification of some type—was underscored last year when the drought on the northeastern seaboard necessitated severe restrictions on public use of water. Due to this crisis, people were, among other things, forbidden from watering their lawn and taking showers. The situation became so critical that an airplane was flown over New York City with the sign, "Don't Flush for Everything," attached to its rear. Yet in New York, for example, had the waters of the Hudson been fit for consumption, this restrictive rationing would not have been necessary.

Mr. Chairman, I believe that the American public supports a concentrated attack upon the pollution problem. Clean water is the concern of Americans of all incomes, geographical locations, and types of employment.

Mr. Chairman, H.R. 16076 would be considerably improved if the authorizations were as great as the Senate-approved figures.

Mr. JOHNSON of California. Mr. Chairman, I rise in support of H.R. 16076, a bill to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act. In so doing I first would like to commend the Honorable GEORGE FALLON, the chairman of the Public Works Committee, the Honorable JOHN BLATNIK, the chairman of the Rivers and Harbors Subcommittee which drafted this legislation after very comprehensive hearings and consideration, and also the Honorable WILLIAM CRAMER, the ranking minority member of the Public Works Committee, for their leadership in bringing to the floor of the House of Representatives a very comprehensive bill which I believe will go a long, long way toward solving the very complex and damaging problems of water pollution.

Many areas of the Nation have suffered very serious droughts. This has brought clearly to our attention the importance of our water resources to the basic foundation of our economy. It is not well enough that we develop these resources through multiple-purpose projects and other ways if pollution of our rivers, our streams, and our lakes steals from us the value of this water. We have only to look out the window down at the Potomac River to realize the price we must pay for pollution.

Hopefully through the efforts of this bill we will be able to invest in pollution control and prevention, and investment which I feel would return great dividends. This is especially true of the preventive steps which should be taken before the situation becomes as desperate as it now has become in many of your water sites. I should point out that just a short time ago the President, in discussing the question of pollution, pointed out an example of waste resulting from pollution:

> This is water that could be used and reused, if treated properly. Today it is ravaged water—a menace to the health. It flows uselessly past water-hungry communities to an indifferent sea.

Mr. Speaker, turning to my own State I feel that we have had a good program of water pollution control. However, testimony before the Public Works Committee clearly shows that we must have further assistance if we are to solve completely the problems, which in many instances are bistate in nature. A good example of this is Lake Tahoe on the California-Nevada line. I am very appreciative that the Rivers and Harbors Subcommittee, under the leadership of the gentleman from Minnesota [Mr. BLATNIK] held hearings at the lake and considered firsthand problems which we are facing there. At these hearings a number of preventive and corrective measures were proposed. These are in the nature of minimum requirements.

While the lake's crystal-clear waters now exceed drinking water standards, the threat of degradation is being posed by rising population, millions of visitors, and sewage seepage into the lake from the cesspools and septic tanks that still provide the principal mode of waste treatment. Through the development of a basin plan which is authorized by this legislation and through the other programs provided for in this legislation, we should be able to overcome the pollution problem, which, if unconquered, will destroy one of the Nation's most scenic spots.

Certainly there are other areas throughout the country which are experiencing similar problems. All are worthy of consideration and assistance at the Federal level. Therefore let us today give our support to the Federal Water Pollution Control Act and thereby show the Federal Government will continue to accept its responsibility in the field of pollution control by providing for the development of basin pollution control and abatement plans

through the establishment of additional incentives; by increasing grants under the existing program from waste treatment; and by making certain other provisions.

Mr. ZABLOCKI. Mr. Chairman, the House can take a significant step today in the direction of ridding our Nation's lakes and rivers of the scourge of pollution by approving H.R. 16076.

In the face of ever-increasing demands for water, action by the Federal Government in this area has long been imperative. The fact that we can now fulfill our immediate responsibility in passing meaningful and productive legislation is gratifying.

By approving the Federal Water Pollution Control Act the Members of this body can demonstrate their determination to work cooperatively with the 50 States of our Nation in a coordinated program.

In my own State of Wisconsin, for example, bordered as it is by two of the Great Lakes and blessed with thousands of smaller fresh water lakes and streams, the pressing need for this legislation has been obvious for too long. Wisconsin has, in a very real sense, become virtually surrounded by filthy and contaminated water. Along our western border the once magnificent Mississippi River is now little more than a tragic torrent of filth. Lakes Michigan and Superior along our eastern and northern boundaries have lost much of their natural beauty and recreational value and are now cesspools of inadequately treated municipal sewage, industrial wastes, and shipboard discharges.

Across the vast reaches of our great north country, lakes once abundant in game fish and otherwise providing natural habitat for other wildlife are now stifled by excessive weeds, murky and dank water, and undesirable odors.

The unfortunate reality is that my State of Wisconsin is not alone in this regard. From across the land the evidence has mounted in a rising crescendo—in an urgent plea for meaningful corrective legislation.

It goes without saying that while H.R. 16076 will go far toward providing that corrective action, much will still remain to be done. Because water pollution is the result of many complex factors and cuts across community boundaries indiscriminately, continued coordinated effort by all levels of government will be necessary.

Upon the hopeful passage of this bill I feel confident that succeeding Congresses will look to the responsible efforts of this 89th Congress as the precedent which will guide their future actions in the cause of returning our lakes and rivers to the people.

Mr. MATHIAS. Mr. Chairman, I am pleased to support H.R. 16076, the Federal Water Pollution Control Amendments and Clean Rivers Restoration Act of 1966.

Water pollution is an urgent, ominous, and persistent threat to our natural resources, to our economic growth, and to our national well-being. The unusual unanimity of House support for this bill shows that the Congress recognizes the gravity of this threat, and also recognizes that the House Public Works Committee has presented to us a reasonable and promising measure.

In addition to the expanded Federal support for pollution control projects provided in H.R. 16076, the bill has several especially commendable aspects. First, title I embodies two steps which I have advocated for some time, and which were incorporated in a bill (H.R. 12457) which I introduced on February 2. These steps are: First, to raise to a more realistic level the dollar ceiling on Federal participation in individual projects, and second, to provide additional incentives for meaningful State participation, thus reducing the heavy burdens on individual communities. While H.R. 16076 does not go as far in these directions as my bill, it does make significant progress and should encourage an expanded attack on pollution problems.

The new clean rivers program in title II is based on the obvious premise that pollution problems which infect an entire river basin must be dealt with basinwide. By setting forth a workable process for formulation and approval of basinwide plans, and by providing special incentives for such comprehensive efforts, the bill should greatly aid troubled regions like the Potomac River Basin, where the complex and stubborn problems of pollution cannot be resolved by the best efforts of individual cities, counties, and towns. I trust that the Governors of the Potomac Basin States will promptly begin to develop concrete plans for implementing the act in this vital, beautiful, and historic region.

Finally, I am very pleased that H.R. 16076 encourages industrial antipollution initiatives not only through a strengthened program of cooperative research, but also through investigation of new tools, such as tax incentives. The use of tax incentives, an approach which is gaining growing support in Congress and throughout the Nation, was recommended in my bill, H.R. 12481, and has been advocated by many of my colleagues. The Secretary of the Interior is directed under section 211 of the pending bill to study the tax incentives route and other means of furthering industrial leadership in combating pollution. I look forward to receiving his recommendations, and meanwhile will continue to press for complementary consideration of tax law reforms by the House Ways and Means Committee.

Mr. BLATNIK. Mr. Chairman, I have no further requests on this side for time.

Mr. CRAMER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, pursuant to the rule, the Clerk will read the committee amendment in the nature of a substitute now printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SEC. 101. The Federal Water Pollution Control Act (33 U.S.C. 466 et seq.) is amended by adding at the end thereof the following new title:

"TITLE II—CLEAN RIVERS RESTORATION PROGRAM

"Statement of purpose

"SEC. 201. It is the purpose of this title to accelerate pollution control and abatement programs through the preparation and development of basin pollution control and abatement plans and through the establishment of additional incentives to encourage waste treatment consistent with water quality standards.

"Submission of plan

"SEC. 202. In the case of intrastate waters, whenever the Governor of the State wherein such waters are located develops a basin pollution control and abatement plan, he is authorized to submit such plan for approval by the Secretary and Congress in accordance with this title. In the case of interstate waters, whenever not less than 50 per centum of the Governors of the States wherein such waters are located develop a basin pollution control and abatement plan, they are authorized to submit such plan for approval by the Secretary and Congress in accordance with this title. In the case of interstate waters, whenever an interstate agency develops a basin pollution control and abatement plan for waters under its jurisdiction, such agency is authorized to submit such plan for approval by the Secretary and Congress in accordance with this title. Notwithstanding any other provision of this section, in the event that the Upper Colorado River Basin is involved, the Governors of at least three of the four States of Colorado, New Mexico, Utah, and Wyoming or, in the event the Columbia River Basin is involved, the Governors of at least three of the four States of Idaho, Montana, Oregon, and Washington, must develop, or concur in the development of, a basin pollution control and abatement plan, including any such basin plan developed by an interstate agency.

"Review of plan

"SEC. 203. (a) Upon submission of a proposed basin pollution control and abatement plan to the Secretary, he shall transmit such plan to the Secretary of Housing and Urban Development, the Water Resources Council, and, when appropriate, the Secretary of State for review. Within sixty days of transmission of such plan, such officers and the Council shall notify the Secretary of their views, comments, and recommendations with respect to such plan.

"(b) The Secretary shall review the proposed basin pollution control and abatement plan together with the views, comments, and recommendations received pursuant to subsection (a) of this section and, if he determines that the plan will adequately and effectively maintain the waters covered by the plan at the level of quality established by the applicable water quality standards for those waters, he shall approve the plan.

"Congressional approval

"SEC. 204. After the Secretary approves a basin pollution control and abatement plan in accordance with section 203 of this title, he shall transmit such plan together with all views, comments, and recommendations received from any department, agency, or instrumentality of the Federal Government to Congress for approval of such plan by Congress by a specific statute of approval.

"Grant program for treatment works

"SEC. 205. Whenever a basin pollution control and abatement plan is approved by Congress in accordance with this title, the Secretary is authorized to make grants to States, municipalities, and interstate agencies from funds appropriated and allocated under authority of section 8 of this Act to assist in financing the construction of treatment

works within such basin subject to the following limitations:

"(1) the amount of any grant approved by the Secretary shall not exceed 40 per centum of the estimated reasonable construction costs of such treatment works, except that the percentage limitation of 40 per centum imposed by this clause shall be increased to 50 per centum in the case of grants made under this section from funds allocated for a fiscal year to a State under section 8(c) of this Act if the State agrees to pay not less than 25 per centum of the estimated reasonable costs (as determined by the Secretary) of all projects for which Federal grants are to be made under this section from such allocation;

"(2) no grant shall be made to assist in financing any such works which are receiving a Federal grant under any other provision of law, and no Federal grant shall be made under any other provision of law to assist in financing any treatment works for which a grant has been made under this title, except a supplementary grant under section 214 of the Appalachian Regional Development Act of 1965 or a supplementary grant under section 101 of the Public Works and Economic Development Act of 1965;

"(3) no grant shall be made unless such works have been approved by the appropriate State water pollution control agency or agencies and have been certified by such agency or agencies as entitled to priority over other eligible projects on the basis of financial as well as water pollution control needs.

"Approval of grants from other agencies

"SEC. 206. After Congress approves a basin pollution control and abatement plan, application for a grant to assist in financing the construction of treatment works in such basin made under any other provision of law shall not be approved by the head of any other Federal agency, by the Appalachian Regional Commission, or any other regional commission established under authority of the Public Works and Economic Development Act of 1965 unless, in the judgment of the Secretary, such works substantially conform to such basin plan.

"Administrative expenses

"SEC. 207. The Secretary is authorized to make a grant to pay not to exceed 50 per centum of the administrative expenses of a designated planning agency in preparing a basin pollution control and abatement plan for submission for approval under this title. Only a planning agency designated as follows shall be eligible for such a grant:

"(1) in the case of intrastate waters, the Governor may designate an agency of State government as the planning agency;

"(2) in the case of interstate waters, not less than 50 per centum of the Governors of the States in which such waters are located may designate either agencies of the governments of such States, or an interstate agency.

"Use of Federal employees

"SEC. 208. The head of each department, agency, and instrumentality of the Federal Government is authorized to detail employees of such department, agency, or instrumentality to assist any State or interstate agency in the preparation of a basin pollution control and abatement plan for submission and approval under this title, upon a request from such State or interstate agency for such assistance.

"Specific designations and approvals

"SEC. 209. Notwithstanding any other provision of this title, the Tennessee Valley Authority is designated as the planning agency for the Tennessee River Basin, and the Delaware River Basin Commission created by the Delaware River Basin compact is designated as the planning agency for the Delaware River Basin as defined for the purposes of such compact. Upon development of a basin pollution control and abatement plan (1) by such Authority and approval of such plan by the Board of Directors of such Authority or (2) by such Commisison and approval by such Commission, such plan shall be a basin pollution control and abatement plan which shall be transmitted directly by such Authority or such Commission to Congress for approval in accordance with this title.

"Labor standards

"SEC. 210. The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects for which grants are made under section 205 shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the immediate locality, as determined by the Secretary of Labor, in accordance with the Act of March 3, 1931, as amended, known as the Davis-Bacon Act (46 Stat. 1494; 40 U.S.C. 276a—276a-5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14, 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

"Definitions

"SEC. 211. For the purposes of this title—

"(1) the term 'basin' includes, but is not limited to, rivers and their tributaries, streams, coastal waters, estuaries, bays, lakes, and portions thereof, as well as the lands drained thereby.

"(2) the term 'construction' shall have the same meaning as it has in section 8 of this Act."

TITLE II

SEC. 201. The Federal Water Pollution Control Act is amended by inserting immediately above the heading preceding section 1 of such Act the following:

"TITLE I—WATER POLLUTION CONTROL PROGRAM"

SEC. 202. (a) Subsection (a) of section 5 of the Federal Water Pollution Control Act is amended by striking out the period at the end of the first sentence thereof and inserting in lieu thereof a comma and the following: "including, but not limited to, pollution resulting from the discharge into any waters of untreated or inadequately treated sewage or other waste from sewers which carry storm water or both storm water and sewage or other wastes, and the temporary use of new or improved chemical additives which provide substantial immediate improvement to existing treatment processes."

(b) Section 5 of such Act is further amended by redesignating subsections (d), (e), and (f) as subsections (e), (f), and (g), respectively, and by inserting immediately after subsection (c) the following new subsection:

"(d) The Secretary is authorized to make grants to persons for research and demonstration projects for prevention of pollution of waters by industry, including, but not limited to, the treatment of industrial waste. No grant shall be made under this subsection in an amount in excess of $1,000,000, no grant shall be made for more than 70 per centum of the cost of the project, and no grant shall be made for any project unless the Secretary determines that such project will serve a useful purpose in the development or demonstration of a new or improved method of treating industrial wastes or otherwise preventing pollution of waters by industry, which method shall have industry-wide application."

(c) Subsection (e) of section 5 of such Act, as redesignated by this Act, is amended by striking out "(1)" and by striking out all of paragraph (2) of such subsection.

(d) Section 5 of such Act is amended by adding at the end thereof the following new subsections:

"(h)(1) The Secretary shall, in cooperation with the Secretary of the Army, the Secretary of Agriculture, the Water Resources Council, and with other appropriate Federal, State, interstate, or local public bodies and private organizations, institutions, and individuals, conduct and promote, and encourage contributions to, a comprehensive study of the effects of pollution, including sedimentation, in the estuaries and estuarine zones of the United States on fish and wildlife, on sport and commercial fishing, on recreation, on water supply and water power, and on other beneficial purposes. Such study shall also consider the effect of demographic trends, the exploitation of mineral resources and fossil fuels, land and industrial development, navigation, flood and erosion control, and other uses of estuaries and estuarine zones upon the pollution of the waters therein.

"(2) In conducting the above study, the Secretary shall assemble, coordinate, and organize all existing pertinent information on the Nation's estuaries and estuarine zones; carry out a program of investigations and surveys to supplement existing information in representative estuaries and estuarine zones; and identify the problems and areas where further research and study are required.

"(3) The Secretary shall submit to the Congress a final report of the study authorized by this subsection not later than three years after the date of enactment of this subsection. Copies of the report shall be made available to all interested parties, public and private. The report shall include, but not be limited to—

"(A) an analysis of the importance of estuaries to the economic and social well-being of the people of the United States and of the effects of pollution upon the use and enjoyment of such estuaries;

"(B) a discussion of the major economic, social, and ecological trends occurring in the estuarine zones of the Nation;

"(C) recommendations for a comprehensive national program for the preservation, study, use, and development of estuaries of the Nation, and the respective responsibilities which should be assumed by Federal, State, and local governments and by public and private interests.

"(4) There is authorized to be appropriated the sum of $1,000,000 per fiscal year for the fiscal years ending June 30, 1967, June 30, 1968, and June 30, 1969, to carry out the purposes of this subsection.

"(5) For the purpose of this subsection, the term 'estuarine zones' means an environmental system consisting of an estuary and those transitional areas which are consistently influenced or affected by water from an estuary such as, but not limited to, salt marshes, coastal and intertidal areas, bays, harbors, lagoons, inshore waters, and channels, and the term 'estuary' means all or part of the mouth of a navigable or interstate river or stream or other body of water having unimpaired natural connection with open sea and within which the sea water is measurably diluted with fresh water derived from land drainage.

"(i) There is authorized to be appropriated to carry out this section, other than subsection (h), not to exceed $75,000,000 per fiscal year for each of the fiscal years ending June 30, 1967, June 30, 1968, and June 30, 1969. Not less than 25 per centum of any amounts appropriated to carry out this section for a fiscal year shall be expended during such fiscal year in carrying out subsection (d) of this section."

SEC. 203. Section 6 of the Federal Water Pollution Control Act is amended to read as follows:

"Cost estimate and study

"SEC. 6. (a) In order to provide the basis for evaluating programs authorized by this Act, the development of new programs, and to furnish the Congress with the information necessary for authorization of appropriations for fiscal years beginning after June 30, 1967, the Secretary, in cooperation with State water pollution control agencies and other water pollution control planning agencies, shall make a detailed estimate of the cost of carrying out the provisions of this Act; a comprehensive study of the economic impact on affected areas of government of the cost of installation of treatment facilities; and a comprehensive analysis of the national requirements for and cost of treating municipal, industrial, and other effluent to attain such water quality standards as established pursuant to this Act or applicable State law. The Secretary shall submit such detailed estimate and such comprehensive study of such cost for the three-year period beginning July 1, 1968, to the Congress no later than January 10, 1968, such study to be updated each year thereafter.

"(b) The Secretary shall also make a complete investigation and study to determine (1) the need for additional trained State and local personnel to carry out programs assisted pursuant to this Act and other programs for the same purpose as this Act, and (2) means of using existing Federal training programs to train such personnel. He shall report the results of such investigation and study to the President and the Congress not later than July 1, 1967."

SEC. 204. Subsection (a) of section 7 of the Federal Water Pollution Control Act is amended by striking out "and for each succeeding fiscal year to and including the fiscal year ending June 30, 1968, $5,000,000" and inserting in lieu thereof "for each fiscal year to and including the fiscal year ending June 30, 1967, $5,000,000, and for each succeeding fiscal year to and including the fiscal year ending June 30, 1969, $10,000,000".

SEC. 205 (a) Subsection (b) of section 8 of the Federal Water Pollution Control Act is amended—

(1) by striking out "$1,200,000," and "$4,800,000," in clause (2) of such subsection and inserting in lieu thereof "$2,400,000," and "$9,600,000,", respectively.

(2) by striking out "(A)" in clause (2) of such subsection.

(3) by striking out "project, and (B) for the purpose of the limitation in the last sentence of subsection (d), the share of each municipality so determined shall be regarded as a grant for the construction of treatment works;" in clause (2) of such subsection and inserting in lieu thereof "project;".

(4) by amending the last sentence of such subsection to read as follows: "The percentage limitation of 30 per centum imposed by clause (2) of this subsection shall be increased to 40 per centum, and the dollar limitations imposed by such clause shall not apply, in the case of grants made under this section from funds allocated for a fiscal year to a State under subsection (c) of this section if the State agrees to pay not less than 30 per centum of the estimated reasonable cost (as determined by the Secretary) of all projects for which Federal grants are to be made under this section from such allocation."

(b) The amendments made by subsection (a) of this section shall take effect July 1, 1966.

SEC. 206. Subsection (d) of section 8 of the Federal Water Pollution Control Act is amended by striking out all beginning with "and $150,000,000 for the fiscal year ending June 30, 1967" through the end of such subsection and inserting in lieu thereof the following: "$150,000,000 for the fiscal year ending June 30, 1967, $300,000,000 for the fiscal year ending June 30, 1968, $400,000,000 for the fiscal year ending June 30, 1969, $650,000,000 for the fiscal year ending June 30, 1970, and $950,000,000 for the fiscal year ending June 30, 1971. Sums so appropriated shall remain available until expended."

SEC. 207. (a) Section 8 of the Federal Water Pollution Control Act is amended by adding at the end thereof the following new subsection:

"(h) If, prior to commencement of construction of any treatment works in advance of the availability of funds for a grant under this section, the Secretary approves such project, and the State, municipality, intermunicipal, or interstate agency thereafter constructs such project and submits an application to the Secretary approved by the appropriate State water pollution control agency or agencies for a grant for such project, the Secretary, upon his approval of such application, is authorized to make a grant under this section for such project to be paid from future appropriations. No such grant shall be made (1) unless all of the provisions of this Act have been complied with to the same extent and with the same effect as though the grant were to be made for future construction of the project, (2) in an amount exceeding a grant which would otherwise be made under this section for the future construction of such project. Neither an approval of the project by the Secretary prior to construction, nor the making of a grant by the Secretary for a project to be paid from a future appropriation, nor any other provision of this subsection, shall be construed to constitute a commitment or obligation of the United States to provide funds to make or pay any grant for a project."

(b) The amendment made by subsection (a) of this section shall apply to any project on which construction is initiated after June 30, 1966, except that in the case of any project on which construction was initiated after June 30, 1966, and before the date of enactment of this Act, the Secretary may approve such project for the purposes of section 8(h) of the Federal Water Pollution Control Act subsequent to the commencement of construction.

SEC. 208. Subsection (f) of section 10 of the Federal Water Pollution Control Act is amended (1) by striking out "(f)" and inserting in lieu thereof "(f)(1)", (2) by inserting immediately after the third sentence thereof the following: "It shall be the responsibility of the Hearing Board to give every person contributing to the alleged pollution or affected by it an opportunity to make a full statement of his views to the Hearing Board.", and (3) by adding at the end thereof the following new paragraphs:

"(2) In connection with any hearing called under this section the Secretary is authorized to require any person whose alleged activities result in discharges causing or contributing to water pollution to file with him, in such form as he may prescribe, a report based on existing data, furnishing such information as may reasonably be required as to the character, kind, and quantity of such discharges and the use of facilities or other means to prevent or reduce such discharges by the person filing such a report. Such report shall be made under oath or otherwise, as the Secretary may prescribe, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe, unless additional time be granted by the Secretary. No person shall be required in such report to divulge trade secrets or secret processes, and all information reported shall be considered confidential for the purposes of section 1905 of title 18 of the United States Code.

"(3) If any person required to file any report under paragraph (2) of this subsection shall fail to do so within the time fixed by the Secretary for filing the same, and such failure shall continue for thirty days after notice of such default, such person shall forfeit to the United States the sum of $100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where such person has his principal office or in any district in which he does business. The Secretary may upon application therefor remit or mitigate any forfeiture provided for under this paragraph and he shall have authority to determine the facts upon all such applications.

"(4) It shall be the duty of the various United States attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of such forfeitures."

SEC. 209. Paragraph (f) of section 13 of the Federal Water Pollution Control Act is amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and an Indian tribe or an authorized Indian tribal organization."

SEC. 210. (a) Section 2(d) of the Oil Pollution Act, 1924 (33 U.S.C. 432(d)) is amended to read as follows:

"(d) The term 'Secretary' means the Secretary of the Interior."

(b) Section 7 of the Oil Pollution Act, 1924 (33 U.S.C. 436) is amended to read as follows:

"SEC. 7. In the administration of this Act, the Secretary may make use of the organization, equipment, and agencies, including engineering, clerical, and other personnel employed by him or the Secretary of the Army for the preservation and protection of navigable waters. For the better enforcement of the provisions of this Act, the offices and agencies of the United States in charge of river and harbor improvements and the assistant engineers and inspectors employed under them by authority of the Secretary of the Army, and persons employed by the Secretary, and officers of the Customs and Coast Guard of the United States, shall have power and authority and it shall be their duty to swear out process and to arrest and take into custody, with or without process, any person who may violate any of such provisions, except that no person shall be arrested without process for a violation not committed in the presence of some one of the aforesaid officials. Whenever any arrest is made under the provisions of the said sections the person so arrested shall be brought forthwith before a commissioner, judge, or court of the United States for examination of the offenses alleged against him; and such commissioner, judge, or court shall proceed in respect thereto as authorized by law in cases of crimes against the United States."

SEC. 211. The Secretary of the Interior shall conduct a full and complete investigation and study of methods for providing incentives designed to assist in the construction of facilities and works by industry designed to reduce or abate water pollution. Such study shall include, but not be limited to, the possible use of tax incentives as well as other methods of financial assistance. In carrying out this study the Secretary shall consult with the Secretary of the Treasury as well as the head of any other appropriate department or agency of the Federal Government.

Mr. BLATNIK (interrupting the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open for amendment at any point.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

AMENDMENT OFFERED BY MR. REID OF NEW YORK

Mr. REID of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REID of New York: On page 33, line 22, after "coastal waters", insert "sounds".

Mr. REID of New York. Mr. Chairman, the amendment I am offering will make explicit that "sounds," such as Long Island Sound, are covered by the definition of "basin" in the instant bill.

If the State of New York or other appropriate States want to take advantage of the basin approach in a program to control and abate pollution, Long Island Sound would be clearly covered and eligible for 50 percent Federal funding provided the State or States contribute 25 percent of the cost.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. REID of New York. I am happy to yield to the gentleman from Florida.

Mr. CRAMER. I am glad to accept the amendment.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. REID of New York. I am happy to yield to the gentleman from Minnesota.

Mr. BLATNIK. Mr. Chairman, this is a clarifying amendment and a justifiable one. As chairman, on behalf of the committee, I will accept the amendment.

Mr. REID of New York. I thank the chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HARSHA

Mr. HARSHA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARSHA: On page 46, line 7, after the period add the following new language: "The Secretary shall report the results of such investigation and study, together with his recommendation, to the Congress not later than January 30, 1968."

Mr. HARSHA. Mr. Chairman, this amendment deals with a very important aspect of the whole problem of water pollution control and pollution abatement. This section authorizes the Secretary of the Interior to conduct a full and a complete investigation and study of the methods for providing incentives designed to assist in the construction of facilities and works by industry designed to reduce or abate water pollution, but the section as it now reads, without the amendment, does not provide any time limit for this particular study to be completed. Because of the urgency of these problems and the national interest in it, I believe it would be much more advisable to have a particular time limit within which the Secretary of Interior should report to the Congress about this particular study he would be authorized by the legislation to make. That is the purpose of my amendment, and I hope it is adopted.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I yield to the gentleman from Florida.

Mr. CRAMER. I think the gentleman's amendment is sound; otherwise there would be no time limit, no specific requirement for reporting. This is an important section. There should be a time limit stated. I think the time provided is reasonable, and I support the amendment.

Mr. HARSHA. I thank the gentleman.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. HARSHA. I am happy to yield to the gentleman from Minnesota.

Mr. BLATNIK. I heartily concur with the statements and sentiments expressed by both the gentlemen, and the amendment is accepted by the chairman.

Mr. HARSHA. I thank the gentleman. Unless the amendment is approved the study could go on indefinitely and the purpose of the entire provision would be rendered ineffectual.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Ohio.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. IRWIN

Mr. IRWIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. IRWIN: On page 46 after line 7 insert the following:

"SEC. 212. The Secretary of the Interior shall conduct a full and complete investigation and study of the extent of the pollution of all navigable waters of the United States from litter and sewage discharged, dumped or otherwise deposited into such waters from water craft using such waters, and methods of abating either in whole or in part such pollution. The Secretary shall submit a report of such investigation to Congress, together with his recommendations for any necessary legislation, not later than July 1, 1967."

Mr. IRWIN. Mr. Chairman, I have discussed this amendment with the distinguished gentleman from Minnesota [Mr. BLATNIK] and the distinguished gentleman from Florida [Mr. CRAMER]. It speaks for itself. I believe there is no objection to it.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. IRWIN. I yield to the gentleman from Minnesota.

Mr. BLATNIK. The amendment is acceptable. It serves a very necessary purpose. We accept it on this side.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. IRWIN. I yield to the gentleman from Florida.

Mr. CRAMER. The gentleman correctly stated the attitude on this side. We support the amendment. It is similar to the provision written in the Senate bill.

Mr. IRWIN. I thank the gentleman.

Mr. Chairman, I am grateful to the Members of the majority and minority sides for their help in this matter.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. OTTINGER

Mr. OTTINGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OTTINGER: On page 28, at line 13: After the word, "Washington", add: "or, in the event the Hudson River Basin is involved, the Governors of at least New York and New Jersey,".

Mr. OTTINGER. Mr. Chairman, I congratulate the committee for the fine job it has done on this essential problem.

My amendment is a technical one. The definition of a basin, under section 211, is:

The term "basin" includes, but is not limited to, rivers and their tributaries, streams, coastal waters, estuaries, bays, lakes, and portions thereof, as well as the lands drained thereby.

In the hearings on the Hudson River bill, H.R. 13508, now enacted into law, it was made quite clear that the Hudson River Basin would include not only the States of New York and New Jersey, which have a primary interest in the basin, but as well Massachusetts, Vermont, and Connecticut.

Since only New York and New Jersey have a substantial interest with respect to pollution in the Hudson, they should be allowed to proceed and qualify by themselves.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. OTTINGER. I am glad to yield to the gentleman from Florida.

Mr. CRAMER. The gentleman is putting the amendment on page 28, section 202? Or is he putting it with the definition of basins in section 211?

Mr. OTTINGER. The amendment is on page 28, at line 13, to make it clear that with respect to the requirement that 50 percent of the Governors of the States involved in a basin have to agree, with respect to planning and programs, this would be the provision.

Mr. CRAMER. How far has the Hudson River Basin progressed in relation to congressionally authorized action? Is there a compact? Is it in being? Has it been approved by the Congress?

Mr. OTTINGER. The compact is in negotiation.

Mr. CRAMER. Congress has not yet authorized this compact as such between these States.

Mr. OTTINGER. It has authorized the negotiation of a compact.

Mr. CRAMER. I would suggest to the gentleman that the river basins which are included in section 28—I shall be glad to be corrected by the majority side, if they do not agree—have been approved by Congress for some sort of action or for compact approval, and have had the approval of Congress as such. They were put in there for the purpose of not requiring them to go back through that same procedure again as it relates to water pollution control, and also to give them a means of functioning with a requirement greater, not less. The gentle-

man's amendment would provide less, rather than more than 50 percent of the Governors to make such a request relating to water pollution control. The gentleman's amendment, as I understand it, would permit less than a majority in this basin.

Mr. OTTINGER. That is correct, because in this peculiar situation only the States of New York and New Jersey have a substantial interest.

Although there are five States—New York, New Jersey, Vermont, Connecticut, and Massachusetts—involved in the Hudson River Basin, New York and New Jersey account for more than 99 percent of the area of the basin.

It is the States of New York and New Jersey that have the real responsibility for working out the compact that will determine the future course of this great basin's development.

Earlier this month, this Congress passed and sent to the President a Hudson River Compact bill, which I authored, H.R. 13508. This bill has now been signed and enacted into law (Public Law 89-605). While it deals with much more than the problem of pollution abatement, one intent of the law is to provide the mechanism through which the benefits of this very act we are considering here today will be applied to the Hudson River Basin. This was the clear and expressed intent of the Secretary of Interior in his endorsement of my bill.

For the RECORD I would like to present the report of the Secretary of the Interior on H.R. 13508:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C.

Hon. WAYNE N. ASPINALL,
Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. ASPINALL: This responds to your request for the views of this Department on H.R. 13508, a bill "To direct the Secretary of Interior to cooperate with the States of New York and New Jersey on a program to develop, preserve, and restore the resources of the Hudson River and its shores and to authorize certain necessary steps to be taken to protect those resources from adverse Federal actions until the States and Congress shall have had an opportunity to act on that program."

We strongly recommend enactment of this legislation if amended as proposed herein.

The bill points out that the States of New York and New Jersey are currently working on a joint program to develop, preserve, and restore the resources of the Hudson River and its shores, and authorizes the Secretary of the Interior to cooperate with the Governors of those States in preparing and proposing a program of legislative action not later than March 1, 1967. It authorizes the Secretary to represent the United States in negotiations with those States, and to report to the President and the Congress on the result of those negotiations, and lists a number of factors to guide the Secretary in making the recommendations.

Recognizing that these negotiations may be protracted and that additional time will be required before the Federal and State Governments can take appropriate action, the bill provides that for a period of three years all Federal agencies with responsibility for projects affecting the Hudson River will cooperate with the Secretary in carrying out their plans. The bill further requires approval by the Secretary before construction with Federal-aid funds of highways within one mile of the river, and before construction of projects under license from the U.S. Army Corps of Engineers or the Atomic Energy Commission. The bill further imposes a three-year moratorium on Federal Power Commission licensing for projects on and affecting the river. The three-year period of delay may be sooner terminated upon the passage of appropriate legislation or upon a finding by the President that the national interest will otherwise be adversely affected.

The Hudson River today represents a major problem to the citizens of New York and New Jersey and illustrates in virulent form a problem facing practically every major river in this country. It played a significant and varied part in the growth and development of young America and represented a major highway of commerce in the early colonial days. It remains today a major factor in the continuing development of the eastern seaboard. The Hudson River has suffered as a result of these and other factors. Industrial development along its banks presents major problems, the waters are polluted and blight has set in.

At times in its past, the Hudson River has been called one of the most beautiful rivers in the world. But it can no longer be so termed. There is no reason to permit this state of affairs to continue but it must be recognized that it will take money, time and effort to restore and preserve this river and its shores for the benefit of the citizens of New York and New Jersey, and, indeed of the United States. The States of New York and New Jersey have already expressed interest in taking steps necessary to improve the condition of the Riverway. Doing this job, however, will require action by more than those States alone. The Federal Government has a substantial interest in seeing that the job is done quickly and properly.

This Department has been aware of many of the problems presented by the Hudson River in its present state for some period of time. We have informally discussed these problems with representatives of the State governments, local bodies, and interested private persons. Most are in substantial agreement that the time has come to take steps to improve the present situation, although there still exists a wide division of opinion as to the most appropriate way in which to move.

The Hudson River Valley Commission appointed to study the problem for New York State after the introduction of Federal legislative proposals in 1965 completed its Summary Report in February of this year. It recommended the establishment of a permanent interstate commission by Federal-State compact to guide the planning and development of the Hudson River Valley. The Bureau of Outdoor Recreation of this Department has been working on a study on the same subject. Its preliminary findings have been submitted to the President's Council on Recreation and Natural Beauty, and it is anticipated that the completed Study Report will soon be published in final form. The program which this bill contemplates is consistent with the findings and recommendations of these two study efforts at at their present state of development.

H.R. 13508 approaches the problem in two ways: (1) by authorizing the Secretary of the Interior to negotiate and discuss with the States proper methods of attacking the existing problems confronting the affected parties, and (2) by providing a three-year period during which the Federal Government may act only in limited fashion.

We have given considerable thought and study to the proper form that a compact should take in order to accomplish the highly desirable purposes of this bill. It is certainly too early to know what the final version of such a compact should be, but it is not too early to see, in broad outline, that some objectives must be met, if the compact is to provide an adequate solution to an admittedly perplexing situation. Such a compact must, we feel, provide for the establishment of an overall comprehensive plan for the development and preservation of the Hudson Riverway and of the land resources of the basin that affect it. Moreover, the compact must provide meaningful standards for such a plan and must vest whatever agency is charged with the responsibility for developing and maintaining this plan with all authority necessary to assure that the plan is not impaired and is carried out in the best possible manner. We cannot accept less, for to do so would be to condemn such an agency to the role of a passive onlooker.

. . . We feel that its enactment would serve an extremely useful purpose, permitting the development of a compact to protect the irreplaceable resources of the Hudson River and to preserve them for future generations. All too clearly we see around us evidences of our abuse of our natural resources and national heritage. Clearly, it should not be permitted to continue and equally clearly the present bill provides a vehicle for arresting this process. It is for this reason that we endorse this bill and strongly recommend its immediate consideration and enactment.

The Bureau of the Budget has advised that it concurs in favoring the legislation, if amended as proposed herein, and that enactment of H.R. 13508, so amended, would be consistent with the Administration's objectives.

Sincerely yours,

STEWART L. UDALL,
Secretary of the Interior.

It is clear that the amendment I am proposing will make it possible to carry out the intent of Congress in this measure we are now considering.

How utterly ridiculous it would be if Connecticut, Massachusetts, and Vermont between them were to launch on a river basin project for a basin in which they collectively had less than 1-percent interest. Certainly these States have an interest, but 99 percent of the interest is with New York and New Jersey.

I believe these two States should be allowed to proceed provided they agree on a program.

Mr. CRAMER. Suppose the other three Governors disagree. It would do some harm then, would it not?

Mr. OTTINGER. They have really only a minimal interest in the river.

And practically no effect insofar as pollution is concerned. I think in this situation the States of New York and New Jersey, if they agree on a program, should——

Mr. CRAMER. Does not the gentleman feel, if this authority is desired, the States now in the process of negotiating a compact should put that term in the compact instead of getting Congress into the middle of the act and into the middle of the five Governors and let them submit it to the respective States if they want to include them if the legislatures will go along with it. But I do not think that we should try to dictate to them before they have submitted such a plan, that only two Governors can go ahead and do this with their approval.

Mr. OTTINGER. No. In this case the States of New York and New Jersey

have more than 99 percent of the river basin and there would not really be much of an interest on the part of the States of Massachusetts, Vermont, or Connecticut. As you know, compacts take a long time to negotiate. They can be very complicated. The Delaware compact took 7 years. We hope we would not have to wait 7 years before we started on the job of cleaning up the pollution until a compact is fully negotiated. I believe that the States principally concerned—New York and New Jersey—should be allowed to proceed.

Mr. CRAMER. Mr. Chairman, I ask unanimous consent that the amendment of the gentleman from New York be reported again.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk re-read the amendment offered by Mr. OTTINGER.

Mr. CRAMER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not mean to prolong the discussion, but it does seem to me that it is not proper, particularly at this late hour, to come in with a proposal of this nature that involves a basin that has not yet been submitted to the Congress for any consideration whatsoever, be it compact approval or approval of a specific flood control type of program. Therefore, all the basins that are included in this section are there for the explicit purpose of adding to the responsibilities, and the number of Governors that must be included above the 50 percent general rule was put in section 202. The amendment of the gentleman dictates that we will decrease that to two out of five. I realize what the problem is, but I think he has a solution to his problem. No. 1, in dealing with the States in their negotiations for the compact in the first place, they can then come to Congress when the compact is formed and determine whether two Governors should do it. That should be the proper place to do it and not try to prejudge something that we do not know anything about on the record, which is the form of this amendment.

I will be glad to yield to the gentleman from New York if anything I have said has been a misstatement.

Mr. OTTINGER. The problem did not come to light until the Hudson River legislation was considered and this determination was made by the Department of the Interior as I pointed out earlier. The remarks of the President when he signed the Hudson River Compact bill on September 26 reveal a considerable understanding of the problem. I would like to present these for the RECORD:

STATEMENT BY THE PRESIDENT ON SIGNING H.R. 13508, HUDSON RIVER BASIN COMPACT BILL, SEPTEMBER 26, 1966

Three weeks ago, in West Virginia, I said that mankind is in a race with catastrophe.

I was not speaking of war, or plague, or famine. I was speaking of a global water shortage that even now is making itself felt.

Since the birth of Christ, man's population has increased 13 fold. Yet the amount of water available to us has remained the same.

But let me qualify that last statement. The amount of water available to us has remained the same but the amount of water we can use is diminishing at an alarming rate.

Nature isn't doing this. We are. By our carelessness, by our neglect, and by our blind rush of progress, we are fouling one of the most precious resources we possess; our rivers.

We could hardly find a better example than the Hudson River. For this river, rich in history and folklore, and once rich in natural beauty, has suffered a century of abuse and neglect. Two billion gallons of sewage are dumped into it every day, refuse and decay line its shores, blight has barred the people from enjoying its heritage.

Early in our history, men lived with this river. For 200 years it flowed clean and beautiful, providing transportation, food, recreation and inspiration.

But we cut ourselves off from this birthright. Railroads were built on both banks. Piers and factories littered the shoreline. Municipal and industrial wastes have fouled the water. Towns have turned inward, shunning the river; too often using it as a dumping ground for abandoned cars and other debris of our civilization.

Well this day—September 26th—marks a turning point. Because this Congress and this Administration believe that technology should serve man, rather than intimidate him, we are signing a bill that will begin the task of purifying the waters of the Hudson.

This bill makes possible a truly cooperative approach to the job of making the Hudson a source of pleasure and beauty.

It marks the beginning of major efforts to clean up the river; to provide pleasant beaches along its shores, which can offer relief from the pressures of urban living for millions of Americans.

Neither Federal nor State action alone would be adequate to this task. It will require the best efforts of all of us—including the towns and industries along the shores.

I believe we are up to the challenge. This bill gives us the tools to meet it.

I believe it begins a new day for one of America's great rivers. I hope it points the way for all our rivers.

There is no mischief involved here, but it is a question of having two States that have an overwhelming predominance of interest in the river able to deal under this statute.

Mr. CRAMER. If the gentleman was attempting to propose a majority should approve it but of that majority two, New York and New Jersey, should be included, I would not have any objection to it. However, the way the gentleman's amendment is drafted, it has to be New York and Jersey, period, that can do it, without any other State. If the gentleman will accept an amendment to that, all right.

Mr. OTTINGER. All right. If I can have unanimous consent, I will strike out the words "at least" and that will conform the legislation to the gentleman's recommendation.

Mr. CRAMER. It is my opinion, I will say to the gentleman, that that will not do the job "of a majority, including the Governors of New York and New Jersey."

Mr. OTTINGER. That is all right.

Mr. CRAMER. And I will offer that wording as a substitute.

Mr. OTTINGER. I will accept the substitute.

Mr. BLATNIK. The substitute as amended is acceptable to us on this side.

AMENDMENT OFFERED BY MR. CRAMER

Mr. CRAMER. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAMER to the amendment offered by Mr. OTTINGER: After the word "involved" strike out the words "the Governors of at least", and insert "a majority of the Governors, including the Governors of"

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. CRAMER], to the amendment offered by the gentleman from New York [Mr. OTTINGER].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment, as amended.

The amendment as amended was agreed to.

The CHAIRMAN. The question is on the Committee amendment as amended.

The Committee amendment as amended was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HANSEN of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 16076) to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act, pursuant to House Resolution 1026, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 312, nays 0, not voting 119, as follows:

[Roll No. 325]

YEAS—312

Adair	Brademas	Clevenger
Adams	Bray	Collier
Addabbo	Brock	Colmer
Anderson, Ill.	Brooks	Conable
Andrews, George W.	Broomfield	Conte
Andrews, N. Dak.	Brown, Clarence J., Jr.	Conyers
Annunzio	Broyhill, N.C.	Cooley
Arends	Broyhill, Va.	Cramer
Ashbrook	Buchanan	Culver
Ashley	Burke	Cunningham
Ashmore	Burleson	Curtis
Bandstra	Burton, Calif.	Daniels
Baring	Burton, Utah	Davis, Wis.
Barrett	Byrne, Pa.	Dawson
Bates	Byrnes, Wis.	de la Garza
Battin	Cahill	Delaney
Beckworth	Callan	Dent
Belcher	Cameron	Devine
Bell	Carey	Diggs
Bennett	Cederberg	Dingell
Berry	Chamberlain	Dole
Betts	Chelf	Donohue
Bingham	Clancy	Dorn
Blatnik	Clausen, Don H.	Dow
Boggs	Clawson, Del	Dulski
Boland	Cleveland	Duncan, Oreg.
		Duncan, Tenn.
		Dwyer

Edwards, Ala.
Ellsworth
Erlenborn
Everett
Evins, Tenn.
Fallon
Farbstein
Farnsley
Farnum
Fascell
Feighan
Findley
Flood
Flynt
Fogarty
Foley
Ford, Gerald R.
Ford, William D.
Fountain
Fraser
Frelinghuysen
Friedel
Fulton, Tenn.
Fuqua
Gallagher
Garmatz
Gathings
Giaimo
Gibbons
Gilbert
Gilligan
Gonzalez
Goodell
Grabowski
Gray
Green, Pa.
Greigg
Griffiths
Grover
Gurney
Hagen, Calif.
Haley
Halleck
Halpern
Hanley
Hansen, Idaho
Hansen, Iowa
Hansen, Wash.
Harsha
Hathaway
Hechler
Herlong
Hicks
Holifield
Horton
Hosmer
Howard
Hull
Hungate
Huot
Hutchinson
Ichord
Irwin
Jacobs
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Pa.
Jonas
Jones, Ala.
Jones, Mo.
Jones, N.C.
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
King, Calif.
Kirwan
Kornegay
Krebs
Kunkel
Kupferman
Laird
Langen
Latta
Leggett
Lennon
Lipscomb
Long, La.
Long, Md.
Love
McCarthy
McCulloch
McDowell
McEwen
McFall
McGrath
McMillan
Macdonald
MacGregor
Machen
Madden
Mahon
Mailliard
Marsh
Martin, Nebr.
Matsunaga
Matthews
May
Meeds
Miller
Mills
Minish
Minshall
Mize
Moore
Moorhead
Morgan
Morris
Morton
Mosher
Moss
Multer
Murphy, Ill.
Murphy, N.Y.
Natcher
Nelsen
O'Hara, Ill.
O'Hara, Mich.
Olson, Minn.
O'Neal, Ga.
Ottinger
Passman
Patman
Patten
Pelly
Pepper
Perkins
Philbin
Pickle
Pike
Poff
Pool
Price
Pucinski
Quie
Quillen
Randall
Redlin
Rees
Reid, N.Y.
Reifel
Resnick
Reuss
Rhodes, Ariz.
Rivers, Alaska
Rivers, S.C.
Roberts
Rodino
Rogers, Colo.
Rogers, Fla.
Ronan
Rooney, N.Y.
Rooney, Pa.
Rosenthal
Rostenkowski
Roush
Rumsfeld
Ryan
Satterfield
St Germain
St. Onge
Saylor
Scheuer
Schisler
Schmidhauser
Schweiker
Secrest
Selden
Senner
Shipley
Shriver
Sickles
Sikes
Skubitz
Smith, Calif.
Smith, N.Y.
Springer
Stafford
Staggers
Stalbaum
Stanton
Steed
Stubblefield
Sullivan
Sweeney
Talcott
Taylor
Teague, Calif.
Teague, Tex.
Tenzer
Thomson, Wis.
Todd
Trimble
Tuck
Tuten
Udall
Ullman
Van Deerlin
Vanik
Vigorito
Vivian
Waggonner
Waldie
Walker, N. Mex.
Watkins
Watson
Watts
Whalley
White, Idaho
White, Tex.
Whitener
Widnall
Williams
Wolff
Wyatt
Yates
Young
Younger
Zablocki

NAYS—0

NOT VOTING—119

Abbitt
Abernethy
Albert
Anderson, Tenn.
Andrews, Glenn
Aspinall
Ayres
Bolling
Bolton
Bow
Brown, Calif.
Cabell
Callaway
Carter
Casey
Celler
Clark
Cohelan
Corbett
Corman
Craley
Curtin
Daddario
Dague
Davis, Ga.
Denton
Derwinski
Dickinson
Dowdy
Downing
Dyal
Edmondson
Edwards, Calif.
Edwards, La.
Evans, Colo.
Fino
Fisher
Fulton, Pa.
Gettys
Green, Oreg.
Grider
Gross
Gubser
Hagan, Ga.
Hall
Hamilton
Hanna
Hardy
Harvey, Ind.
Harvey, Mich.
Hawkins
Hays
Hébert
Helstoski
Henderson
Holland
Johnson, Okla.
Keogh
King, N.Y.
King, Utah
Kluczynski
Landrum
McClory
McDade
McVicker
Mackay
Mackie
Martin, Ala.
Martin, Mass.
Mathias
Michel
Mink
Moeller
Monagan
Morrison
Morse
Murray
Nedzi
Nix
O'Brien
O'Konski
Olsen, Mont.
O'Neill, Mass.
Pirnie
Poage
Powell
Purcell
Race
Reid, Ill.
Reinecke
Rhodes, Pa.
Robison
Rogers, Tex.
Roncalio
Roudebush
Roybal
Schneebeli
Scott
Sisk
Slack
Smith, Iowa
Smith, Va.
Stephens
Stratton
Thomas
Thompson, N.J.
Thompson, Tex.
Toll
Tunney
Tupper
Utt
Walker, Miss.
Weltner
Whitten
Willis
Wilson, Bob
Wilson, Charles H.
Wright
Wydler

So the bill was passed.

The Clerk announced the following pairs:

Mr. Albert with Mr. Gross.
Mr. Hébert with Mr. Dickinson.
Mr. Keogh with Mr. Harvey of Michigan.
Mr. Mackay with Mr. McClory.
Mr. Daddario with Mr. Glenn Andrews.
Mr. Cabell with Mr. Roudebush.
Mr. Aspinall with Mr. Pirnie.
Mr. Thompson of New Jersey with Mr. Morse.
Mr. Stratton with Mr. Gubser.
Mr. Abernethy with Mr. Derwinski.
Mr. Sisk with Mr. Corbett.
Mr. Hays with Mr. Ayres.
Mr. Whitten with Mr. Bow.
Mr. Cohelan with Mr. Reinecke.
Mr. Kluczynski with Mr. Utt.
Mr. Celler with Mr. Wydler.
Mr. Smith of Virginia with Mr. Martin of Massachusetts.
Mr. Henderson with Mr. Hall.
Mr. Brown of California with Mr. Curtin.
Mrs. Thomas with Mr. McDade.
Mr. McVicker with Mr. Michel.
Mr. Monagan with Mrs. Reid of Illinois.
Mr. Evans of Colorado with Mr. Bob Wilson.
Mr. Edwards of Louisiana with Mr. Callaway.
Mr. O'Neill of Massachusetts with Mrs. Bolton.
Mr. Davis of Georgia with Mr. Martin of Alabama.
Mrs. Green of Oregon with Mr. King of New York.
Mr. Hamilton with Mr. Fino.
Mr. King of Utah with Mr. Toll.
Mr. Roybal with Mr. Fulton of Pennsylvania.
Mr. Helstoski with Mr. O'Konski.
Mr. Anderson of Tennessee with Mr. Schneebeli.
Mr. Corman with Mr. Robison.
Mr. Craley with Mr. Harvey of Indiana.
Mr. Gettys with Mr. Carter.
Mr. Edwards of California with Mr. Tupper.
Mr. Casey with Mr. Walker of Mississippi.
Mr. Holland with Mr. Mathias.
Mr. Mackie with Mr. Dowdy.
Mr. Morrison with Mr. Fisher.
Mr. Hagan of Georgia with Mr. Hanna.
Mr. Grider with Mr. Olsen of Montana.
Mr. Nix with Mr. O'Brien.
Mr. Rhodes of Pennsylvania with Mr. Charles H. Wilson.
Mr. Dyal with Mr. Powell.
Mr. Landrum with Mr. Clark.
Mr. Downing with Mr. Denton.
Mr. Hawkins with Mr. Tunney.
Mr. Stephens with Mrs. Mink.
Mr. Moeller with Mr. Willis.
Mr. Wright with Mr. Smith of Iowa.
Mr. Slack with Mr. Johnson of Oklahoma.
Mr. Edmondson with Mr. Scott.
Mr. Hardy with Mr. Race.
Mr. Purcell with Mr. Weltner.
Mr. Nedzi with Mr. Abbitt.
Mr. Rogers of Texas with Mr. Roncalio.
Mr. Thompson of Texas with Mr. Murray.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 1026, the Committee on Public Works is discharged from the further consideration of the bill (S. 2947) to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act.

The Clerk read the title of the Senate bill.

The Clerk read the Senate bill as follows:

S. 2947

An act to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Water Pollution Control Amendments and Clean Rivers Restoration Act of 1966".

TITLE I

SEC. 101. The Federal Water Pollution Control Act, as amended, is amended by inserting immediately after section 18, as added by this Act, a new title to read as follows:

"TITLE II—CLEAN RIVERS RESTORATION PROGRAM

"Short title

"SEC. 201. This title may be cited as the 'Clean Rivers Restoration Act of 1966'.

"Statement of purpose

"SEC. 202. It is the purpose of this title to authorize pollution control and abatement programs designed to reclaim, restore, and maintain the natural waters of the Nation through the preparation and development of comprehensive river basin pollution control and abatement plans and through the establishment of economic incentives to encourage waste treatment consistent with water quality standards effected as a result of section 10(c) of this Act.

"Planning agencies

"SEC. 203. In furtherance of the purposes of this title, the Secretary shall, at the request of the Governor or Governors of one or more States, designate a planning agency which provides for adequate representation of appropriate Federal, State, interstate, local, or when appropriate, international interests in the river basin or portion thereof involved and which is capable of developing an effective, comprehensive water quality control and abatement plan that is part of or consistent with a comprehensive river basin water resources plan.

"Comprehensive river basin plans

"SEC. 204. Each planning agency designated pursuant to section 203 of this title shall develop a comprehensive pollution control and abatement plan which is part of or consistent with a comprehensive river basin water resources plan and which—

"(1) is consistent with any water quality standards established for interstate waters within the river basin pursuant to section 10(c) of this Act;

"(2) recommends such treatment works and sewer systems as will provide the most effective and economical means of collection, storage, treatment, and purification of wastes and provides means to encourage both municipal and industrial use of such works and systems; and

"(3) provides for maintenance and improvement of water quality standards within the basin or portion thereof and includes proposed methods of adequately financing those facilities as may be necessary to implement the plan.

"Submission of plan

"SEC. 205. Upon completion of a proposed comprehensive pollution control and abatement plan or portion thereof, each planning agency shall transmit the plan to the Governor of each State, each interstate agency, international commission, and each local agency covered by the plan or portion thereof. Each such Governor, agency, or commission shall have sixty days from the date of the receipt of the proposed plan to submit views, comments, and recommendations. The planning agency shall consider such views, comments, and recommendations and may make appropriate changes or modifications in the proposed plan. The planning agency shall then submit the proposed plan to the Secretary together with the views, comments, and recommendations of each such Governor, agency, or commission.

"Review within Federal Government

"SEC. 206. (a) Upon receipt of a proposed comprehensive pollution control and abatement plan or portion thereof from a planning agency, the Secretary shall transmit it to the Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Water Resources Council, and, when appropriate, the Secretary of State, for review.

"(b) The Secretary of Health, Education, and Welfare, the Secretary of Housing and Urban Development, the Water Resources Council, and the Secretary of State, shall notify the Secretary of the Interior, within sixty days, of the results of their review.

"(c) The Secretary shall review the plan or portion thereof and the recommendations received under subsection (b) and under section 205, and, if he determines that the plan or portion thereof adequately and effectively complies with section 204 of this title, he shall approve the plan or portion thereof.

"Grant program for treatment works

"SEC. 207. After designation of an appropriate planning agency for any river basin or portion thereof, the Secretary may accept applications from and make grants to local, State, or interstate agencies from such funds as may be appropriated pursuant to section 8 of this Act to assist in financing construction of treatment works within such river basin or portion thereof subject to the following limitations:

"(1) the amount of the grant shall not exceed 50 per centum of the estimated reasonable construction costs of such treatment works;

"(2) no application for a grant shall be approved until the Secretary determines that the proposed project (a) is consistent with and carries out the purpose of this title, (b) will be properly and efficiently operated and maintained, (c) is designed so that an adequate capacity will be available to serve the reasonably foreseeable growth need of the area, (d) when located, in whole or in part, in urbanized areas, meets any requirements with respect to planning and programing as have been prescribed by the Secretary of Housing and Urban Development with respect to water and sewer projects under title VII of the Housing and Urban Development Act of 1965, and (e) provides, when appropriate, for joint waste treatment;

"(3) no grants shall be available to assist in financing the construction of any such works which are receiving a Federal grant under other provisions of law, except the Appalachian Regional Development Act of 1965 or title I of the Public Works and Economic Development Act of 1965;

"(4) no application for a grant shall be approved unless the Governor of the State in which the project is located provides satisfactory assurance that statewide water quality standards consistent with section 10(c) of this Act are in effect or will be established in such State;

"(5) no application for a grant shall be approved unless the State in which the project is located agrees to provide not less than 30 per centum of the estimated total project cost; and

"(6) no application for a grant shall be approved for any project in such river basin or portion thereof after three years following the date of designation of such planning agency unless such project is in conformance with a plan approved pursuant to section 206(c).

"Labor standards"

"SEC. 208. The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on projects for which grants are made under section 207 shall be paid wages at rates not less than those prevailing for the same type of work on similar construction in the locality, as determined by the Secretary of Labor, in accordance with the Act of March 3, 1931, as amended, known as the Davis-Bacon Act (46 Stat. 1494; 40 U.S.C. 276a–276a–5). The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14, 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

"Approval of grants from other Agencies

"SEC. 209. After the Secretary approves a comprehensive pollution control and abatement plan or portion thereof for a river basin or portion thereof, an application for a grant to assist in financing the construction of treatment works in such basin or portion thereof made under any other provision of law shall not be approved by the head of any other Federal agency, by the Appalachian Regional Commission or other regional commissions established pursuant to the Public Works and Economic Development Act of 1965 unless it substantially conforms, in the judgment of the Secretary, to such plan.

"Authorization of planning expenses

"SEC. 210. (a) In carrying out the provisions of section 204 of this title, the Secretary is authorized to pay such expenses of each planning agency as are necessary to implement formulation of the plan. Each planning agency shall prepare a budget annually and transmit it to the Secretary.

"(b) There are authorized to be appropriated such funds as may be necessary to carry out the provisions of this section, which sums shall be available until expended.

"Definitions

"SEC. 211. For the purposes of this title—

"(1) the term 'planning agency' includes, but is not limited to, interstate agencies, or commissions established by or pursuant to an agreement or compact approved by the Congress;

"(2) the term 'local, State, or interstate agencies' includes agencies of States, municipalities, and other political subdivisions of a State, public corporate bodies, public agencies and instrumentalities of one or more States, Indian tribes, conservancy districts, interstate agencies, or commissions established by or pursuant to an agreement or compact approved by the Congress;

"(3) the term 'construction' includes preliminary planning to determine the economic and engineering feasibility of treatment works, the engineering, architectural, legal, fiscal, and economic investigations and studies, surveys, designs, plans, working drawings, specifications, procedures, and other action necessary to the construction of treatment works; and the erection, building, acquisition, alteration, remodeling, improvement, or extension of treatment works; and the inspection and supervision of the construction of treatment works; and

"(4) the term 'river basin' includes, but is not limited to, land areas drained by a river and its tributaries, streams, coastal waters, estuaries, bays, and lakes.

"Other authority not affected

"SEC. 212. Nothing in this title shall be construed to displace, supersede, limit, or modify any interstate compact or the jurisdiction or responsibility of any legally established joint or common agency of two or more States, or two or more States and the Federal Government or to affect the jurisdiction, powers, or prerogatives of the International Joint Commission, United States and Canada, the Permanent Engineering Board and the United States operating entity or entities established pursuant to the Columbia River Basin Treaty, signed at Washington, January 17, 1961, or the International Boundary and Water Commission, United States and Mexico."

TITLE II

SEC. 201. The Federal Water Pollution Control Act, as amended, is amended by inserting before the heading above section 1:

"Title I—Water pollution control program

SEC. 202. (a) Effective July 1, 1967, section 5 of the Federal Water Pollution Control Act is amended in subsection (d) by striking out all of paragraph (2) of such subsection, and inserting a new paragraph to read as follows:

"(2) For the purposes of this subsection there is authorized to be appropriated $20,000,000 for the fiscal year ending June 30, 1968, $25,000,000 for the fiscal year ending June 30, 1969, and $30,000,000 for the fiscal year ending June 30, 1970, and each fiscal year thereafter, and sums so appropriated shall remain available until expended."

(b) Section 5 is further amended by adding at the end thereof a new subsection as follows:

"(g)(1) The Secretary shall, in cooperation with the Secretary of the Army, the Secretary of Agriculture, the Water Resources Council, and with other appropriate Federal, State, interstate, or local public bodies and private organizations, institutions, and individuals, conduct and promote, and encourage contributions to, a comprehensive study of the effects of pollution, including sedimentation, in the estuaries and estuarine zones of the United States on fish and wildlife, on sport and commercial fishing, on recreation, on water supply and water power, and on other beneficial purposes. Such study shall also consider the effect of demographic trends, the exploitation of mineral resources and fossil fuels, land and industrial development, navigation, flood and erosion control, and other uses of estuaries and estuarine zones upon the pollution of the waters therein.

"(2) In conducting the above study, the Secretary shall assemble, coordinate, and organize all existing pertinent information on the Nation's estuaries and estuarine zones; carry out a program of investigations and surveys to supplement existing information in representative estuaries and estuarine zones; and identify the problems and areas where further research and study are required.

"(3) The Secretary shall submit to the Congress a final report of the study authorized by this subsection not later than three years after the date of enactment of this subsection. Copies of the report shall be made available to all interested parties, public and private. The report shall include, but not be limited to—

"(A) an analysis of the importance of estuaries to the economic and social well-being of the people of the United States

and of the effects of pollution upon the use and enjoyment of such estuaries;

"(B) a discussion of the major economic, social, and ecological trends occurring in the estuarine zones of the Nation;

"(C) recommendations for a comprehensive national program for the preservation, study, use, and development of estuaries of the Nation, and the respective responsibilities which should be assumed by Federal, State, and local governments and by public and private interests.

"(4) There is authorized to be appropriated the sum of $1,000,000 per annum for the fiscal year ending June 30, 1967, and the two succeeding fiscal years, to carry out the purposes of this subsection.

"(5) The term 'estuarine zones' means an environmental system consisting of an estuary and those transitional areas which are consistently influenced or affected by water from an estuary such as, but not limited to, salt marshes, coastal and intertidal areas, bays, harbors, lagoons, inshore waters, and channels.

"The term 'estuary' means all or part of the mouth of a navigable or interstate river or stream or other body of water having unimpaired natural connection with open sea and within which the sea water is measurably diluted with fresh water derived from land drainage."

SEC. 203. Section 6 of the Federal Water Pollution Control Act is amended to read as follows:

"Grants for Research and Development

"SEC. 6. (a) The Secretary is authorized to make grants to any State, municipality, or intermunicipal or interstate agency for the purpose of—

"(1) assisting in the development of any project which will demonstrate a new or improved method of controlling the discharge into any waters of untreated or inadequately treated sewage or other wastes from sewers which carry storm water or both storm water and sewage or other wastes, or

"(2) assisting in the development of any project which will demonstrate advanced waste treatment and water purification methods or new or improved methods of joint treatment systems for municipal and industrial wastes,

and for the purpose of reports, plans, and specifications in connection therewith. The Secretary is authorized to provide for the conduct of research and demonstration relating to the purpose set forth in clause (1) or (2) by contract with public or private agencies and institutions and with individuals without regard to sections 3648 and 3709 of the Revised Statutes; except that not to exceed 25 per centum of the total amount appropriated under authority of this section for any fiscal year may be expended under authority of this sentence during such fiscal year.

"(b) Federal grants under this section shall be subject to the following limitations:

"(1) No grant shall be made for any project pursuant to this section unless such project shall have been approved by the appropriate State water pollution control agency or agencies and by the Secretary;

"(2) No grant shall be made for any project in an amount exceeding 75 per centum of the estimated reasonable cost thereof as determined by the Secretary; and

"(3) No grant shall be made for any project under this section unless the Secretary determines that such project will serve as a useful demonstration for the purpose set forth in clause (1) or (2) of subsection (a).

"(c) For the purposes of this section there are authorized to be appropriated—

"(1) for the fiscal year ending June 30, 1966, and for each of the next three succeeding fiscal years, the sum of $20,000,000 per fiscal year for the purpose set forth in clause (1) of subsection (a), including contracts pursuant to such subsection for such purposes; and

"(2) for the fiscal year ending June 30, 1967, and for each of the next four succeeding fiscal years, the sum of $25,000,000 per fiscal year for the purpose set forth in clause (2) of subsection (a), including contracts pursuant to such subsection for such purpose.

Sums so appropriated shall remain available until expended. No grant or contract for the purpose of either such clause (1) or (2) shall be made for any project in any fiscal year in an amount exceeding 12½ per centum of the total amount authorized for the purpose of such clause in such fiscal year."

SEC. 204. (a) Subsection (a) of section 7 of the Federal Water Pollution Control Act is amended by striking out "and for each succeeding fiscal year to and including the fiscal year ending June 30, 1968, $5,000,000" and inserting in lieu thereof "for each succeeding fiscal year to and including the fiscal year ending June 30, 1967, $5,000,000, and for each succeeding fiscal year to and including the fiscal year ending June 30, 1972, $10,000,000".

(b) Subsection (a) of section 7 of the Federal Water Pollution Control Act is amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "including the training of personnel of public agencies."

SEC. 205. Effective after June 30, 1967, subsection (b) of section 8 of the Federal Water Pollution Control Act is amended to read as follows:

"(b) Federal grants under this section shall be subject to the following limitations: (1) No grant shall be made for any project pursuant to this section unless such project shall have been approved by the appropriate State water pollution control agency or agencies and by the Secretary and unless such project is included in a comprehensive program developed pursuant to this Act; (2) no grant shall be made for any project in an amount exceeding 30 per centum of the estimated reasonable cost thereof as determined by the Secretary: *Provided,* That the grantee agrees to pay the remaining cost: *Provided further,* That, in the case of a project which will serve more than one municipality, the Secretary shall, on such basis as he determines to be reasonable and equitable, allocate to each municipality to be served by such project its share of the estimated reasonable cost of such project; (3) no grant shall be made for any project under this section until the applicant has made provision satisfactory to the Secretary for assuring proper and efficient operation and maintenance of the treatment works after completion of the construction thereof; and (4) no grant shall be made for any project under this section unless such project is in conformity with the State water pollution control plan submitted pursuant to the provisions of section 7 and has been certified by the State water pollution control agency as entitled to priority over other eligible projects on the basis of financial as well as water pollution control needs."

SEC. 206. Subsection (c) of section 8 of the Federal Water Pollution Control Act is amended by inserting after "The allotments of a State under the second, third, and fourth sentences of this subsection shall be available, in accordance with the provisions of this section, for payments with respect to projects in such State which have been approved under this section" a comma and the following: "except that in the case of any project on which construction was initiated in such State after June 30, 1966, and which meets the requirements for assistance under this section but was constructed without such assistance, such allotments for any fiscal year ending prior to July 1, 1972, shall also be available for payments in reimbursement of State or local funds used for such project prior to July 1, 1972, to the extent that assistance could have been provided under this section if such project had been approved pursuant to this section and adequate funds had been available. In the case of any project on which construction was initiated in such State after June 30, 1966, and which was constructed with assistance pursuant to this section but the amount of such assistance was a lesser per centum of the cost of construction than was allowable pursuant to this section, such allotments shall also be available for payments in reimbursement of State or local funds used for such project prior to July 1, 1972, to the extent that assistance could have been provided under this section if adequate funds had been available."

SEC. 207. Effective after June 30, 1967, subsection (d) of section 8 of the Federal Water Pollution Control Act is amended by striking out all beginning with "and $150,000,000 for the fiscal year ending June 30, 1967" through the end of such subsection and inserting in lieu thereof the following: "$150,000,000 for the fiscal year ending June 30, 1967, $600,000,000 for the fiscal year ending June 30, 1968, $1,000,000,000 for the fiscal year ending June 30, 1969, $1,250,000,000 for the fiscal year ending June 30, 1970, $1,500,000,000 for the fiscal year ending June 30, 1971, and $1,500,000,000 for the fiscal year ending June 3, 1972. Sums so appropriated shall remain available until expended."

SEC. 208. Section 8(f) of the Federal Water Pollution Control Act is amended by deleting, in the first sentence, the words "amount of such grant" and insert in lieu thereof "total construction costs".

SEC. 209. Section 8 of the Federal Water Pollution Control Act is further amended by inserting at the end thereof a new subsection as follows:

"(h)(1) Upon application the Secretary may make a loan to any State, municipality, or intermunicipal or interstate agency to which he has agreed to make a grant pursuant to this section, for the purpose of helping to finance the local share of the cost of construction for which such grant is to be made. Any such loan shall be made only (A) after the Secretary determines that such State, municipality, or agency has made satisfactory provision for assuring proper and efficient operation and maintenance of the treatment works being constructed after completion of such construction, and (B) if such State, municipality, or agency shows it is unable to secure such funds from non-Federal sources upon terms and conditions which the Secretary determines to be reasonable and consistent with the purposes of this section. Loans pursuant to this subsection shall bear interest at a rate which the Secretary determines to be adequate to cover the costs of the funds to the Treasury as determined by the Secretary of the Treasury, taking into consideration the current average yields of outstanding marketable obligations of the United States having maturities comparable to the maturities of loans made pursuant to this subsection.

"(2) Loans pursuant to this subsection shall mature within such period as may be determined by the Secretary to be appropriate but not exceeding forty years.

"(3) There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this subsection but not to exceed a total of $250,000,000. No loan or loans pursuant to this subsection with respect to any one project shall exceed an amount equal to 10 per centum of such total."

SEC. 210. Section 10(d) of the Federal Water Pollution Control Act is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and

by inserting before such paragraphs a new paragraph as follows:

"(2) Whenever the Secretary, upon receipt of reports, surveys, or studies from any duly constituted international agency, has reason to believe that any pollution referred to in subsection (a) of this section which endangers the health or welfare of persons in a foreign country is occurring, and the Secretary of State requests him to abate such pollution, he shall give formal notification thereof to the State water pollution control agency of the State in which such discharge or discharges originate and to the interstate water pollution control agency, if any, and shall call promptly a conference of such agency or agencies, if he believes that such pollution is occurring in sufficient quantity to warrant such action. The Secretary, through the Secretary of State, shall invite the foreign country which may be adversely affected by the pollution to attend and participate in the conference, and the representative of such country shall, for the purpose of the conference and any further proceeding resulting from such conference, have all the rights of a State water pollution control agency. This paragraph shall apply only to a foreign country which the Secretary determines has given the United States essentially the same rights with respect to the prevention and control of water pollution occurring in that country as is given that country by this paragraph. Nothing in this paragraph shall be construed to modify, amend, repeal, or otherwise affect the provision of the 1909 Boundary Waters Treaty between Canada and the United States relative to the control and abatement of water pollution in waters covered by that treaty."

SEC. 211. Section 10(d)(3) of the Federal Water Pollution Control Act, as redesignated by this Act) is amended by inserting after the first sentence thereof the following: "In addition, it shall be the responsibility of the chairman of the conference to give every person contributing to the alleged pollution or affected by it an opportunity to make a full statement of his views to the conference."

SEC. 212. Section 10 of the Federal Water Pollution Control Act, as amended, is further amended by adding a new subsection (k) to read as follows:

"(k)(1) In connection with any conference called under this section the Secretary is authorized to require any person whose alleged activities result in discharges causing or contributing to water pollution, or whose activities may affect the quality of the waters involved in such conference, to file with him, in such form as he may prescribe, a report, based on existing data, furnishing such information as may reasonably be required as to the character, kind, and quantity of such discharges and the use of facilities or other means to prevent or reduce such discharges by the person filing such a report. After such conference has been held, the Secretary shall require such additional reports to the extent recommended by such conference. Such report shall be made under oath or otherwise, as the Secretary may prescribe, and shall be filed with the Secretary within such reasonable period as the Secretary may prescribe, unless additional time be granted by the Secretary. No person shall be required in such report to divulge trade secrets or secret processes, and all information reported shall be considered confidential for the purposes of section 1905 of title 18 of the United States Code.

"(2) If any person required to file any report under this subsection shall fail to do so within the time fixed by the Secretary for filing the same, and such failure shall continue for thirty days after notice of such default, such person shall forfeit to the United States the sum of $100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where such person has his principal office or in any district in which he does business: *Provided*, That the Secretary may upon application therefor remit or mitigate any forfeiture provided for under this subsection and he shall have authority to determine the facts upon all such applications.

"(3) It shall be the duty of the various United States attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of such forfeitures."

SEC. 213. The Federal Water Pollution Control Act, as amended, is amended by adding immediately after section 16 two new sections to read as follows:

"Cost Estimate and Study

"SEC. 17. (a) In order to provide the basis for evaluating programs authorized by this Act, the development of new programs, and to furnish the Congress with the information necessary for authorization of appropriations for fiscal years beginning after June 30, 1972, the Secretary, in cooperation with State water pollution control agencies and other water pollution control planning agencies, shall make a detailed estimate of the cost of carrying out the provisions of this Act; a comprehensive study of the economic impact on affected units of government of the cost of installation of treatment facilities; and a comprehensive analysis of the national requirements for and cost of treating municipal, industrial, and other effluent to attain such water quality standards as established pursuant to this Act or applicable State law. The Secretary shall submit such detailed estimate and such comprehensive study of such cost for the five-year period beginning July 1, 1968, to the Congress no later than January 10, 1968, such study to be updated each year thereafter.

"(b) The Secretary shall also make a complete investigation and study to determine (1) the need for additional trained State and local personnel to carry out programs assisted pursuant to this Act and other programs for the same purpose as this Act, and (2) means of using existing Federal training programs to train such personnel. He shall report the results of such investigation and study to the President and the Congress not later than July 1, 1967.

"Study of Pollution From Boats and Vessels

"SEC. 18. (a) For the purpose of protecting the public health and welfare, the Secretary, in consultation with the Secretary of the Army, the Secretary of the department in which the Coast Guard is operating, the Secretary of Health, Education, and Welfare, and the Secretary of Commerce, shall conduct a study of the extent of pollution from boats and vessels on such part of the Great Lakes as is under the jurisdiction of the United States, in harbors or ports of such lakes under such jurisdiction and on other navigable waters of the United States, and shall report the results of such study, together with recommendations for an effective program to control the dumping of refuse and the discharge of waste from boats and vessels on such waters, to the Congress no later than July 1, 1967.

"(b) The Secretary shall appoint a technical committee to meet at his discretion and advise in the formulation of recommendations pursuant to this section. Such committee shall be composed of representatives of the Departments of the Interior, Health, Education, and Welfare, the Army, and Commerce, the department in which the Coast Guard is operating, owners and operators of Great Lakes vessels, and such other persons as the Secretary may determine. Members of such technical committee who are not regular full-time employees of the United States shall, while attending meetings of such committee or otherwise engaged on business of such committee, be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding $100 per diem, including traveltime, and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b-2) for persons in the Government service employed intermittently.

"(c) For the purpose of this section the term—

"(1) 'Waste' includes human toilet waste, wash and laundry waste, and kitchen and galley waste; and

"(2) "refuse' includes garbage, dunnage, and other trash."

"SEC. 214. Section 13 of the Act of March 3, 1899 (30 Stat. 1152; 33 U.S.C. 407), is amended by inserting after the word "thereby" in the second proviso the following: "and whenever the Secretary of the Interior determines that it is consistent with the purposes of the Federal Water Pollution Control Act (33 U.S.C. 466 et seq.),".

SEC. 215. Effective thirty days after the date of enactment of this Act, the Oil Pollution Act, 1924 (43 Stat. 604; 33 U.S.C. 431 et seq.), is amended to read as follows: "That this Act may be cited as the 'Oil Pollution Act, 1924'.

"SEC. 2. When used in this Act, unless the context otherwise requires—

"(a) 'oil' means oil of any kind or in any form, including fuel oil, sludge, and oil refuse;

"(b) 'person' means an individual, company, partnership, corporation, or association; any owner, operator, master, officer, or employee of a vessel; any owner, operator, officer, or employee of a shore installation or terminal facility; and any officer, agent, or employee of the United States;

"(c) 'terminal facility' means any pier, wharf, dock, or similar structure to which a vessel may be moored or secured, or upon, within, or contiguous to which equipment and appurtenances dealing with oil may be located, including, but not limited to, storage tanks, pipelines, pumps, and oil trucks;

"(d) 'shore installation' means any building, group of buildings, manufacturing or industrial plants, or equipment of any kind adjacent to the coastal, interstate, or navigable waters, and adjoining shorelines of the United States, upon, within, or contiguous to which equipment and appurtenances dealing with oil may be located, including, but not limited to, storage tanks, pipelines, pumps, and oil trucks;

"(e) 'discharge' means any accidental, negligent, or willful spilling, leaking, pumping, pouring emitting, emptying, or other release of liquid; and

"(f) 'Secretary' means the Secretary of the Interior.

"SEC. 3. (a) Except in case of emergency imperiling life or property, or unavoidable accident, collision, or stranding, and except as otherwise permitted by regulations prescribed by the Secretary as hereinafter authorized, it is unlawful for any person to discharge or permit the discharge from any boat, vessel, shore installation, or terminal facility of oil by any method, means, or manner into or upon the coastal, interstate, or navigable waters, and adjoining shorelines of the United States.

"(b) Any person discharging or permitting the discharge of oil from any boat, vessel, shore installation, or terminal facility into or upon the coastal, interstate, or navigable waters of the United States shall remove the same from the coastal, interstate, or navigable waters, and adjoining shorelines immediately. If such person fails to do so, the Secretary may remove the oil or may arrange for its removal, and such person shall be liable to the United States, in addition to the penalties prescribed in section 4 of this

Act, for all costs and expenses reasonably incurred by the Secretary in removing the oil from the coastal, interstate, or navigable waters, and adjoining shorelines of the United States. When the oil has been discharged from a boat or vessel, these costs and expenses shall constitute a lien on such vessel which may be recovered in proceedings by libel in rem. When the oil has been discharged from a shore installation or terminal facility, these costs and expenses may be recovered in proceedings by libel in personam.

"(c) The Secretary may prescribe regulations which—

"(1) permit the discharge of oil from boats or vessels in such quantities, under such conditions, and at such times and places as in his opinion will not be deleterious to health or marine life or a menace to navigation, or dangerous to persons or property engaged in commerce on coastal, interstate, or navigable waters;

"(2) relate to the loading, handling, and unloading of oil on or contiguous to boats or vessels, shore installations, and terminal facilities; and

"(3) relate to the removal or cost of removal, or both, of oil from the coastal, interstate, or navigable waters, and adjoining shorelines of the United States.

"SEC. 4. (a) Any person who violates section 3(a) of this Act shall, upon conviction thereof, be punished by a fine not exceeding $2,500, or by imprisonment not exceeding one year, or by both such fine and imprisonment for each offense.

"(b) Any boat or vessel other than a boat or vessel owned and operated by the United States from which oil is discharged in violation of section 3(a) of this Act shall be liable for a penalty of not more than $10,000. Clearance of a boat or vessel liable for this penalty from a port of the United States may be withheld until the penalty is paid. The penalty shall constitute a lien on the boat or vessel which may be recovered in proceedings by libel in rem in the district court of the United States for any district within which the boat or vessel may be.

"(c) The owner or operator of a shore installation or terminal facility from which oil is discharged in violation of section 3(a) of this Act shall be liable for a penalty of not more than $10,000 which may be recovered in proceedings by libel in personam in the district court of the United States of the district within which the shore installation or terminal facility is located.

"(d) Any person who violates any regulation prescribed under section (3)(c) of this Act shall, if there has been no discharge of oil, be liable for a penalty of not more than $100.

"SEC. 5. The Commandant of the Coast Guard may, subject to the provisions of section 4450 of the Revised Statutes, as amended (46 U.S.C. 239), suspend or revoke a license issued to the master or other licensed officer of any boat or vessel found violating the provisions of section 3 of this Act.

"SEC. 6. In the administration of this Act the Secretary may, with the consent of the Commandant of the Coast Guard or the Secretary of the Army, make use of the organization, equipment, and agencies, including engineering, clerical, and other personnel, employed by the Coast Guard or the Department of the Army, respectively, for the preservation and protection of interstate or navigable waters. And for better enforcement of the provisions of this Act, the officers and agents of the United States in charge of river and harbor improvements, and persons employed under them by authority of the Secretary of the Army, and persons employed by the Secretary, and officers of the Customs and Coast Guard of the United States shall have the power and authority and it shall be their duty to swear out process and to arrest and take into custody, with or without process, any person who may violate any of said provisions: *Provided,* That no person shall be arrested without process for a violation not committed in the presence of some one of the aforesaid persons: *And provided further,* That whenever any arrest is made under the provisions of this Act the person so arrested shall be brought forthwith before a commissioner, judge, or court of the United States for examination of the offenses alleged against him and such commissioner, judge, or court shall proceed in respect thereto as authorized by law in cases of crimes against the United States.

"SEC. 7. This Act shall be in addition to other laws for the preservation and protection of interstate or navigable waters and shall not be construed as repealing, modifying, or in any manner affecting the provisions of such laws."

AMENDMENT OFFERED BY MR. BLATNIK

Mr. BLATNIK. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLATNIK: Strike out all after the enacting clause of the bill S. 2947 and insert in lieu thereof the provisions of H.R. 16076 as passed by the House.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. BLATNIK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

APPOINTMENT OF CONFEREES ON THE WATER POLLUTION CONTROL ACT

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to the bill (S. 2947) to amend the Federal Water Pollution Control Act in order to improve and make more effective certain programs pursuant to such act, and request a conference with the other body.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

The Chair hears none, and appoints the following conferees: Messrs. FALLON, BLATNIK, JONES of Alabama, KLUCZYNSKI, WRIGHT, CRAMER, HARSHA, and KUNKEL.

PROGRAM FOR THE BALANCE OF THIS WEEK AND FOR NEXT WEEK

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, I have requested this time in order to ask the acting majority leader, the gentleman from Louisiana [Mr. BOGGS], if the gentleman will kindly advise us as to the program for next week, and to inform us as to whether or not there is any more business programed for today.

Mr. BOGGS. Mr. Speaker, will the distinguished gentleman from Illinois yield?

Mr. ARENDS. Yes; I yield to the gentleman from Louisiana.

Mr. BOGGS. Mr. Speaker, in response to the request of the distinguished gentleman from Illinois, there is one further bill for consideration today, the amendments to the Atomic Energy Act, which is listed on the whip notice.

Mr. Speaker, the program for the next week is as follows:

On Monday, first, we will have the call of the Consent Calendar.

Also on Monday we have listed for consideration 23 suspensions. The suspensions will be printed, by number, in the RECORD.

The suspensions referred to follow:

1. H.R. 15440: Fair Packaging and Labeling Act;
2. H.R. 13665: Federal Airport Act Amendments;
3. S. 3112: Clean Air Act;
4. H.R. 17558: Proposed amendments to Atomic Energy Commission's fiscal year 1967 authorization act pertaining to nuclear power-desalting facility;
5. H.R. 9531: Establishing a contiguous fisheries zone beyond the territorial sea of the United States;
6. H.R. 4497: To require certain contractors to give an affidavit with respect to payment of subcontractors;
7. H.R. 12360: Sale of grain storage facilities;
8. H.R. 12536: Transportation of house trailers of members of the uniformed services;
9. S. 1607: Point Reyes National Seashore, Calif.;
10. S. 3460: Interior research contracts;
11. S. 1674: Disposition of geothermal steam resources;
12. H.R. 15335: Commission on Intergovernmental Relations Act Amendments;
13. H.R. 11475: Control or elimination of jellyfish in coastal waters;
14. H.R. 13447: Preservation of estuarine areas;
15. H.R. 14699: Development of fish protein concentrate;
16. S. 2102: Administration of the Pribilof Islands;
17. H.R. 14355: Railroad retirement student benefits;
18. S. 3298: Child Protective Act;
19. H.R. 17285: Railroad retirement and supplemental pensions;
20. H.R. 3348: Veterinary school construction;
21. H.R. 16474: Animal drug amendments;
22. H.R. 10700: Airport property, Clarinda, Iowa; and
23. H.R. 16306: To amend the CIA Act of 1949, as amended.

Also, Mr. Speaker, we have listed nine unanimous-consent bills which have been reported by the Committee on Ways and Means, as follows:

H.R. 1035: Free importation of bagpipes;

H.R. 11257: Income tax treatment of certain distributions pursuant to the Bank Holding Company Act;

H.R. 11660: Relating to interest on income tax refunds;

H.R. 11782: Additions to reserve for certain guaranteed debt obligations;

H.R. 14363: Providing rules for deduction of personal exemptions for children of divorced parents;

H.R. 16774: Temporary continuation of existing rules relating to deductibility of accrued vacation pay;

S. 801: Permitting the use of reserved foreign currencies in lieu of dollars for current expenditures;

H.R. 6413: Tax-free withdrawal of wine unfit for beverage use; and

H.R. 11765: Capital gains treatment of straddle options to buy or sell stocks.

For Tuesday, Wednesday, Thursday, Friday, and Saturday the following bills are scheduled:

State, Justice, Commerce, and Judiciary appropriation, fiscal year 1967;

H.R. 17899, Financial Institutions, Supervisory and Insurance Act of 1966—open rule, 2 hours of debate;

H.R. 13161, Elementary and Secondary Education Amendments of 1966—open rule, 4 hours of debate, making it in order to consider committee substitute: for purpose of amendment;

House Joint Resolution 1163, Washington Metropolitan Area Transit Authority—open rule, 3 hours of debate;

H.R. 14604, study of Capital Visitors' Center—open rule, 1 hour of debate;

H.R. 12407, Internal Security Act Amendments—open rule, 2 hours of debate;

House Resolution 1013, creating a Permanent Select Committee on Standards and Conduct; and

H.R. 51, Indiana Dunes National Lakeshore—open rule, 2 hours of debate.

Mr. Speaker, conference reports may be called up at any time, and the bills which I have previously listed may not necessarily be called up in the order in which I have listed them.

Mr. ARENDS. Mr. Speaker, I thank the gentleman from Louisiana.

TRANSFER OF THE CALL OF THE PRIVATE CALENDAR

Mr. BOGGS. Mr. Speaker, will the gentleman yield further?

Mr. ARENDS. I yield further to the gentleman from Louisiana.

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar in order on Tuesday, October 4, 1966, be transferred to and be in order on Tuesday, October 11, 1966.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

DISPENSING WITH BUSINESS IN ORDER UNDER THE CALENDAR WEDNESDAY RULE

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

ADJOURNMENT TO MONDAY NEXT

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. SAYLOR. Mr. Speaker, I object.

Mr. BOGGS. Mr. Speaker, I would hope that the gentleman from Pennsylvania would not object.

Mr. SAYLOR. Mr. Speaker, I object.

Mr. BOGGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS. Mr. Speaker, I would hope that the distinguished gentleman from Pennsylvania [Mr. SAYLOR]—and I might say that the leadership tries constantly to please—would withdraw his objection.

Mr. Speaker, I have asked that the House come in at 11 o'clock, not to please anyone on this side or that side, but to please all the Members of Congress.

Mr. Speaker, we are attempting to complete the legislative program as rapidly as possible, and I would hope that the gentleman from Pennsylvania would reconsider that objection.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield to me?

Mr. BOGGS. Yes, I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. Mr. Speaker, it seems very, very strange to me and I might say to the leadership, that having been here since the early part of January, and the elections being just a short time away, we now have to begin meeting so early.

Mr. Speaker, some of us who believe in a representative form of government would like to go home and find out what the people want. And to do so it is necessary to get back here. The means of public transportation in order to get back to Washington are geared for us to be here around noon, and not at 11 o'clock.

Mr. Speaker, many of the Members will not be able to get back from the Midwest, for instance, until around noon.

I certainly believe that if we are going to begin to work on Monday, we should start at 12 o'clock noon.

Mr. BOGGS. Mr. Speaker, I might say to the gentleman from Pennsylvania, for whatever it may be worth, that the Members from as far away as California, Hawaii, and Alaska are not objecting. Pennsylvania is not so far away.

Mr. Speaker, I renew my request that when the House adjourns today it adjourn to meet at 11 o'clock on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. SAYLOR. Mr. Speaker, as a personal favor to the Speaker, I shall withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

COMMITTEE ON DISTRICT OF COLUMBIA

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight Monday, October 3, 1966, to file a conference report on the bill, H.R. 8126.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

WELCOME TO REPUBLIC OF BOTSWANA

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, today the United Kingdom Protectorate of Bechuanaland, situated in southern Africa, takes her place among the independent nations of the world. To the citizens of the new Republic of Botswana, and to her able and distinguished first President, Sir Seretse Khama, the Prime Minister of the former Protectorate, I send felicitations from the people of the United States and their Congress and my personal heartfelt wishes for success and prosperity in the years to come.

This land has a fascinating history and I predict a great future. It comprises an estimated area of 222,000 square miles, approximately the size of our great State of Texas.

The country is a natural game reserve for most species of African fauna. The eastern region has the best agricultural land and the most favorable rainfall.

The total population is estimated at some 543,000. Aside from approximately 26,500 bushmen, 3,900 whites, 400 Hottentots, 300 Asians, and some 3,500 mixed, the people are Bantu and are divided into 8 main tribal groupings of the Botswana.

The early history of the tribes inhabiting Bechuanaland is shrouded in legend. The first contact with Europeans was through missionaries and took place in the early 19th century at a time when the territory was torn by intertribal warfare. In the last quarter of the century hostilities broke out between the Batswana and the Boers from the South African Republic—Transvaal. Following appeals by the Botswana for assistance, the British Government in 1885 proclaimed the whole of Bechuanaland to be under British protection. The southern part of the territory, which included Mafeking, was later constituted a Crown Colony and eventually became part of the Cape Colony. It is now in the Cape Province of the Republic of South Africa. The northern part, thereafter known as Bechuanaland Protectorate, remained under the protection of the British Government. In 1909 when the constitution of the Union—now Republic—of South Africa was drawn up, the African inhabitants of Besutoland, Bechuanaland, and Swaziland asked that they not be included in the proposed Union.

Bechuanaland's economy depends almost entirely upon the export of cattle. The tribesmen are pastoralists and are traditionally much less concerned with agriculture, though some progressive farmers have demonstrated that agriculture can account for an increasingly important part of the economy. Approximately 2,000 square miles of arable land is at present under cultivation. About 50,000 square miles of potentially productive land is unused. Four, and in places five, years of drought led the government to initiate large-scale famine and drought relief schemes in 1965 in which the United Nations and other international organizations have participated.

A geological survey is being undertaken with a view to determining the mineral resources of the country. Present production of minerals is confined to asbestos, manganese, and negligible amounts of gold and silver. Active prospecting work is being carried out by several mining companies in different areas, and there are prospects for development of the copper, coal, and soda ash deposits in the east.

On September 14, the Subcommittee on Africa, of which I have the honor to be chairman, was privileged to hear the very able Deputy Prime Minister of Bechuanaland, the Honorable Quett K. J. Masire. His profound statement included the following words of wisdom which I am happy to quote:

> We are a multiracial, or a nonracial country, and we would like to make a success of nonracial democracy, partly because we have, ourselves, faith in democracy.
>
> We adhere to this policy because we believe sincerely in democracy, and we feel in a country all nationals should be given a fair deal. There must be equal opportunity for all citizens.

I look forward to meeting Botswana's new Ambassador to the United States, the Honorable Z. K. Matthews, upon his arrival. And I congratulate this new and potentially great country on becoming a member of the United Nations, an event scheduled, I understand, for early October.

TAX INCENTIVES FOR INDUSTRY FOR WATER POLLUTION CONTROL BADLY NEEDED

Mr. CRAMER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. CRAMER. Mr. Speaker, during the past decade, since the enactment of the Federal Water Pollution Control Act of 1956, we have witnessed a phenomenal increase in emphasis on water pollution control by the Federal, State, and local governments. Numerous proposals have been put forth to abate pollution of our Nation's valuable waterways, and many of them have been enacted into Federal laws, State statutes, and local ordinances. Federal, State, municipal, interstate, and intermunicipal agencies have made great strides in combating water pollution and its detrimental effects.

Nevertheless, the serious problems of water pollution are still very much with us. Since 1956 the Congress has acted on several occasions to amend the basic Federal statute enacted that year, and has thereby increased Federal authorities, grants-in-aid, and other significant aspects of the Federal water pollution control program.

The various levels of government have been spending larger and larger sums of tax revenues to clean our land's waters, but the emphasis on stopping new and old pollution at its sources has been small in comparison to the efforts to purify the water once it has been polluted. The Congress has been hacking at the branches of this problem instead of attacking it at its roots, and I suggest it is time to change our approach.

The major source of pollution in the United States, without question, is industrial waste. As it has been pointed out several times before this year, industrial waste increased from an equivalent of the sewage discharge of 15 million persons in 1900 to an equivalent of the sewage discharge of 150 million persons in 1960. While municipal sewage discharge increased threefold during this period, industrial sewage discharge increased tenfold during those three score years. In 1900 the average daily use of water for industrial purposes was 15 billion gallons. By 1960 it had increased to 159.9 billion gallons per day.

In recognition of this, the 1966 water pollution control bill provides under section 211 for a study as to the need for industry incentives.

INDUSTRY ASKS FOR ADDITIONAL ASSISTANCE

Mr. Speaker, the Committee on Public Works held extensive public hearings on many proposals then pending before it to amend the Federal Water Pollution Control Act, as amended, and to provide for other Federal pollution control programs.

The testimony offered before the committee revealed the full extent of the need of industry for some additional types of assistance in the construction of sewage treatment works and the extent of the public support for such assistance.

Many members of the committee stated at the outset of the hearings that they hoped that in the not too distant future legislation embodying the necessary tax incentives to help alleviate the burden now imposed on industry so that industry will receive a still further incentive to carry out its part in this all important program will be enacted.

A representative from the Manufacturing Chemists Association stated before the committee that it is important to understand that a substantial burden of water pollution treatment will remain for separate waste treatment and control by industry. The witness pointed out that there are distinct limitations, both in relative volume and in waste composition, in what can be accommodated in municipal treatment plants without interference to the treating process. Thus industry, in many cases, the witness pointed out further, must carry out the major portion of the treatment, releasing conditioned residuals to the municipal systems; therefore, in view of the certain need for industry to make provisions for a substantial share of the treatment of its wastes, the industries will continue to be interested in economic incentives. He concluded on this particular point by commenting that his association believes some form of investment tax credit and accelerated amortization would be useful in stimulating investment in these nonprofit facilities.

The National Association of Manufacturers' witness stated before the committee that there are broad social benefits which accrue to all the people of the Nation through water quality control efforts, and because in most instances the money spent for abatement facilities increases the cost of doing business and creates a burden on the competitive situation, industry believes that there should be some recognition of the cost of installing waste treatment facilities. The NAM witness continued by stating that this recognition should take the form of accelerated amortization up to and including immediate writeoff of the facility, at the option of the taxpayer, and he added that this accelerated amortization should not eliminate the investment credit. Of course, these hearings were held before the President announced his intentions to seek suspensions of the 7-percent tax investment credit.

The manager of pollution control and services for the National Steel Corp. addressed the problem directly. He commented that much testimony had been received by the committee to indicate that the financial burden on municipalities to fulfill current objectives in stream pollution control are so great that they cannot be accomplished without a massive Federal support program, and he commented further that he was sure such claims were valid. However, he went on to say that this assurance came from his own experience in industry, where they are being called on and required to make a similar financial effort, but in the case of industry, without Federal tax relief. He commented that the corporation found it difficult to understand how it can be in the public interest to supply Federal financial support for the municipal pollution control effort but seemingly against the public interest to suggest Federal tax relief for nonrevenue-producing industrial pollution control equipment.

Mr. Speaker, behind testimony like this lie the shocking statistics on the extent of the Federal effort which will be required to control industrial pollution. Conservative estimates on total costs for controlling industrial pollution run approximately $75 billion over the next 15 years, or $5 billion per year, which is now more than we are spending per year on the National System of Interstate and Defense Highways, the world's largest public works undertaking. It is also 33 times greater than the current Federal expenditure for construction of sewage treatment works under the provisions of the Federal Water Pollution Control Act.

The amount of money that would have to be spent to control pollution in many industries is staggering. The paper industry is a case in point. Witnesses before the Committee on Public Works indicated that it would require an expenditure of approximately $100 million annually just to construct facilities that would control the existing pollution from pulp and paper mills across the Nation during the next 10 years. If the paper industry increased its elimination of water pollution materials, the expenditures required to control such increases would far exceed the $100 million mark. Figures of a similar magnitude have been released by other industries.

Many proposals have been put forth from a multitude of sources to aid industry in controlling its own water pollution. Proposals have been made for the Federal Government to give grants-in-aid to States and municipalities for assistance in financing the cost of treatment works to treat industrial pollution. It is believed that such funds could be used for the construction of waste treatment works at the source of pollution or for the expansion of existing municipal plants or the construction of new ones with expanded capacities for receiving and subsequently treating industrially polluted waters. Such an undertaking would place a substantial tax burden upon the American people, if Federal grants were the sole source of funds. By this I mean that $5 billion per annum constitutes over 4 percent of the total Federal budget for fiscal year 1967. If this $5 billion expense were shared on the basis of existing formula, about $2 billion would still be required from the Federal Government, thus increasing its taxation requirements, and an additional $3 billion would be required from State and local governments, thus increasing their tax requirements. By the same token, if Congress requires industry to meet the total expenses of constructing waste treatment plants for the control of industrial pollution, the costs of such construction would inevitably be passed on to the final consumer in the form of higher product prices. In much the same manner, the cost of any water user tax that were levied on industry would also be passed on to the ultimate consumer.

Some have proposed direct Federal grants to industries for the construction of sewage treatment works. Others have advocated greatly increased Federal grants to industries for research and development for new or improved methods of treating water polluted by industry. Others have advocated Federal grants to the regular entities for tie-ins or tie-lines to industrial sources of pollution and for the expansion of existing plants or for the construction of new one to accommodate additional intakes, as I have just stated. Still other sources have advocated low-interest Federal loans to industries for the construction of sewage treatment works. The establishment of water user or effluent charges by the Federal Government or any other level of government has been proposed by a few individuals, but this would be a most unwise and much too drastic step at this point in the development of the Federal water pollution control program.

Since the committee concluded its hearings, it has come to my attention that another possible alternative approach to controlling industry's water pollution has been announced. The Gulfstan Corp. of Miami, Fla., has set up a unique leasing program aiding industry to combat water pollution. The Gulfstan Corp. has announced the first nationwide comprehensive leasing program to help ease the multibillion-dollar burden which industry now faces in complying with government pressures and public demands for immediate implementation of antipollution programs. Under the Gulfstan plan companies will be spared any capital investment in or expenditure for the construction and operation of plants or equipment required to treat wastes, purify water supplies, or otherwise correct or protect water resources. Every aspect of such a plant, including the design, engineering, construction, equipment, operation, staffing, and maintenance, will be provided by the corporation under a single long-term lease, permitting the lessee company to expense payments on a current basis. I bring this to the attention of the Members not necessarily as a suggestion that this approach be used, but rather because it is a new approach toward the problem of water pollution and may very well fit into the overall program to clean up our waters.

CRAMER TAX INCENTIVE BILL, H.R. 13616

Mr. Speaker, on March 15 of this year, I introduced a bill, H.R. 13616, to amend the Internal Revenue Code of 1954 to provide a tax incentive to industry for the construction of treatment works to abate air and water pollution. At this point in my remarks today, I wish only to address the House on those portions of the introduced bill pertaining to tax incentives to industry for the construction of waste treatment works to control and abate water pollution.

Under the provisions of my bill, every person, at his election, would be entitled to a deduction with respect to the amortization of the adjusted basis of any treatment work over a period of 5 years. In this context, "treatment work" means any facility, land, building, machinery, or equipment, or any part thereof, used to control water pollution by removing, altering, or disposing of wastes from any type of manufacturing process, including the necessary intercepting sewers, outfall sewers, pumping, power, and other equipment, and their appurtenances. It is my understanding that the concept embodied in my bill of accelerated depreciation of capital assets would probably be much more palatable to the Committee on Ways and Means than to consider such expenditures, which in fact are capital expenditures, as ordinary expenses that could be fully deducted in the year incurred or spread over a number of years at the option of the taxpayer, as many bills before that committee would do.

Under present law, a taxpayer who buys equipment designed to abate water pollution may take a depreciation deduction for such equipment. In other words, he may deduct its cost over the same period of years as the useful life of the equipment. However, since some of the equipment has a useful life of 20 years or more, in many cases it will be a long time before the deductions taken for tax purposes are equal to the expenditure outlays made by the taxpayer. My bill would permit the amortization of such treatment works at an accelerated rate for income tax purposes such that the adjusted basis would be for a period of 5 years.

To qualify for this special treatment, the appropriate State pollution abatement authority must certify to the Secretary of the Interior that the equipment is in conformity with the State requirements. Furthermore, the Secretary of the Interior must certify to the Secretary of the Treasury that the equipment is in furtherance of the U.S. policy in this regard as expressed in the legislation relating to pollution abatement, the Federal Water Pollution Control Act, as amended. In addition, the Secretary of the Interior must certify that it meets minimum performance standards. The bill also provides that the Secretary of the Interior is not to certify any property for the special tax writeoff to the extent that it appears that the operation of this property will recover its cost over its useful life.

From the testimony presented before various House and Senate committees, it appears that tax incentives will not be the sole solution to the problems confronting us in this vital area. Nevertheless, tax incentives, such as those embodied in H.R. 13616, are a positive step toward abating this Nation's immense water pollution problems. I think proposals, like mine, are a much more constructive way to prevent industrial pollution of our waters without being detrimental to the industries themselves than any, if not most, of the proposals which have come from the administration.

Mr. Speaker, I do not feel it necessary at this point to include the text of my bill, H.R. 13616, for it is a matter rightly before a committee other than the one which has jurisdiction over the bill which we are now considering. However, for the benefit of the RECORD, I would like to call to the attention of the Members that an identical text of my bill, less those provisions pertaining to air pollution, was printed in the RECORD of August 25, 1966, beginning on page 20711 thereof in the remarks on this same particular subject by the gentleman from California [Mr. DON H. CLAUSEN]. The text of his bill, H.R. 17095, and the text of my bill, H.R. 13616, are identical. The inserts in Mr. CLAUSEN's remarks are also less than those provisions relative to air pollution.

MANY MEMBERS HAVE INTRODUCED TAX INCENTIVES BILLS

Mr. Speaker, a number of Members of this body have introduced bills which would amend the Internal Revenue Code so as to give an incentive to industry to construct air and water pollution control facilities. While many of these bills differ as to approach and content, each has

the overriding purpose of offering incentives to industry.

In addition to myself, Mr. ASHBROOK, Mr. BATTIN, Mr. BELCHER, Mr. BERRY, Mr. BLATNIK, Mr. BOLAND, Mrs. BOLTON, Mr. CLARENCE J. BROWN, JR., of Ohio, Mr. CASEY, Mr. CLANCY, Mr. CLARK, Mr. DON H. CLAUSEN, of California, Mr. CLEVELAND, Mr. COLLIER, Mr. CONTE, Mr. CORBETT, Mr. CUNNINGHAM, Mr. DORN, Mr. ELLSWORTH, Mr. GIAIMO, Mr. GRABOWSKI, Mr. GROVER, Mr. GUBSER, Mr. HARSHA, Mr. HATHAWAY, Mr. HELSTOSKI, Mr. HORTON, Mr. KEE, Mr. KING of New York, Mr. LIPSCOMB, Mr. MCCARTHY, Mr. MCCLORY, Mr. MATHIAS, Mr. MICHEL, Mr. MIZE, Mr. MONAGAN, Mr. MORSE, Mr. NELSEN, Mr. OTTINGER, Mr. PERKINS, Mr. POFF, Mr. REIFEL, Mr. ROBISON, Mr. RUMSFELD, Mr. ROUDEBUSH, Mr. ST. ONGE, Mr. SHRIVER, Mr. SLACK, Mr. SMITH of New York, Mr. STAFFORD, Mr. SWEENEY, Mr. THOMPSON of Texas, Mr. UTT, and others have introduced identical, similar, or related bills. Ten of the Members who have introduced bills to offer tax incentives for the construction of air pollution facilities, water pollution facilities, or both are members of the Committee on Public Works which has legislative jurisdiction over the Federal Water Pollution Control Act, as amended. Nine of the just-mentioned Members are also members of the Committee on Appropriations which must, of course, appropriate the funds for the Federal water pollution control program. Four of the just-named Members are also members of the Committee on Ways and Means which must take final action on these various proposals. Five Members are also members of the Committee on Government Operations which is looking into the Federal water pollution control program very closely, and three of those Members are members of the Committee on Science and Astronautics which has recently been holding hearings on the research and development aspects of water pollution control.

Similar bills have been introduced with many cosponsors in the other body.

Mr. Speaker, I am sure that my views on this subject are shared by other Members. A considerable number of them, as I have just indicated above, who represent varying regions of the Nation, who are from both sides of the aisle, and who represent the entire spectrum of political and economic philosophy have introduced legislation to offer such tax incentives. This is truly a nonpartisan attempt to combat the pollution of our Nation's waters, a matter which is close to the hearts of us all.

PRECEDENTS FOR PROVIDING ECONOMIC INCENTIVES UNDER THE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1954

Mr. Speaker, there are a number of precedents for providing economic incentives under the provisions of the Internal Revenue Code of 1954 in related areas. In my opinion, these do not run counter to proposals to "cool off" the economy, as witnessed by the vote of Members in the preceding bill's Byrnes amendment.

Section 174 of the code permits research and experimental expenditures to be deducted currently; however, these expenditures do not include amounts paid for the acquisition or improvement of land or depreciable property.

Section 175 of the code permits soil and water conservation expenditures and expenditures for the prevention of erosion of land used in farming to be deducted currently; however, the total deduction cannot exceed 25 percent of the gross income derived from farming. These expenditures are not deductible if they are incurred to purchase, construct, or improve structures or facilities which are depreciable.

Section 180 permits capital expenditures paid by farmers to be deducted currently where they are incurred to purchase or acquire fertilizer, lime, ground limestone, marl, or other materials to enrich, fertilize, or condition land used in farming.

Section 182 of the 1954 code permits capital expenditures for the clearing of farmland to be deducted currently; however, the amount deductible for any 1 year cannot exceed the lesser of, first, $5,000 or, second, 25 percent of taxable income derived from farming, and such expenditures do not include those for the purchase, construction, or improvement of structures or facilities which are depreciable.

Section 615 permits exploration expenditures paid for ascertaining the existence of any deposit of ore or other mineral to be deducted currently to the extent that they do not exceed $100,000 in any taxable year with an overall limit of $400,000; however, expenditures for the acquisition of depreciable property do not qualify.

Section 616 of the code permits development expenditures incurred for the development of a mine or other natural deposit, other than an oil or gas well, to be deducted currently but the section does not apply to the acquisition of depreciable property.

Mr. Speaker, I consider it time that the Congress give equal tax treatment to the quality of our Nation's most valuable natural resource, water, which sustains our lives as much as the quality of our farm soils and surely as much as the exploration and exploitation of mineral deposits. My bill, H.R. 13616, would provide such treatment.

I think it is very important to note that many of the bills which have recently been introduced to suspend the 7-percent tax investment credit have specifically excluded the application of such a suspension for any facilities which contribute to the abatement of air and water pollution. A tax incentive to industry to construct air and water pollution control facilities is now regarded then as running counter to recent proposals to curb inflation by curtailing capital expenditures, and this position has been upheld by today's vote on the Byrnes amendment to the tax bill.

STATE LEGISLATION PROVIDING FINANCIAL ASSISTANCE TO INDUSTRIES FOR WASTE TREATMENT FACILITIES

Mr. Speaker, a number of States have already enacted statutes to provide some type of financial assistance to industries for the construction of waste treatment facilities. According to the most recent information which is available, no less than 12 States now have statutes to provide for such assistance. I sincerely feel that a pinpoint discussion of these State provisions is warranted at this time.

Arkansas: The Arkansas law allows a credit on severance taxes to oil producers who install underground salt water disposal systems. The statute was enacted in 1959.

Connecticut: The Connecticut law exempts from taxation by the municipality within which any structure, building, machinery, or other equipment has been constructed, installed and used primarily for the purpose of eliminating industrial waste, such structure, building, machinery or other equipment.

Idaho: The Idaho law exempts from taxation any facilities, installations, machinery or equipment, attached or unattached to real property, and designed, installed, and utilized in the elimination, control, or prevention of water or air pollution. If other beneficial purposes and uses are served, it exempts such portion of the assessed valuation as may reasonably be calculated to be necessary for and devoted to elimination, control, or prevention of water or air pollution. Any portion of any facilities which have value as the specific source of marketable byproducts is not included in the exemption. The Idaho law was enacted in 1963.

Maine: The Maine statute exempts from property tax industrial disposal systems that do not produce byproducts which are marketed or used in the process of production. The law was enacted in 1961.

Massachusetts: The Massachusetts law exempts from taxation any equipment, facility, or device installed on or attached to real property for the purpose of abating or preventing pollution of any stream, pond, lake, tidal water, or falls. It was also enacted in 1961.

New Hampshire: The New Hampshire law exempts industrial waste treatment facilities from local taxation for 25 years. The enacting statute represented one of the earliest financial assistance programs to industries for waste treatment facilities that was approached on the State level. It was enacted in 1955, 1 year prior to the enactment of the Federal Water Pollution Control Act, Public Law 660.

New York: The New York law is the most comprehensive one of the 12. It provides the taxpayer with an election. The taxpayer may deduct from his gross income certain expenditures connected with his providing industrial waste treatment facilities, or, in the alternative, to take a net operating loss deduction for these same expenditures. It also amends the New York tax law and allows the taxpayer, at his election, to take a net operating loss deduction for expenditures paid or incurred during the fiscal year for the construction or improvement of industrial waste treatment facilities. This amendment specifically excludes, however, a deduction for expenditures paid or incurred for any facilities installed for the primary purpose of salvaging materials which have a commercial value.

This net operating loss deduction is allowable only with respect to depreciable property for which construction, reconstruction, erection or improvement was initiated on or after January 1, 1965, and prior to January 1, 1972. However, the net operating loss carryback provisions are applicable to taxable years beginning on or after January 1, 1966.

The New York law further amends the real property tax law to provide tax exemption for industrial waste treatment facilities. In this regard, it also provides that industrial waste treatment facilities which were constructed or reconstructed in order to comply with the public health laws, the State sanitary code and regulations, permits or orders issued by the State health commissioner shall be exempt from taxation to the extent of any increase in value thereof by reason of such construction or reconstruction after May 12, 1965, and before March 31, 1972.

Ohio: The Ohio statute exempts from the franchise, sale, and use taxes industrial water pollution control facilities. The Ohio law was also enacted in 1965.

South Carolina: South Carolina exempts from property taxation treatment facilities or equipment of manufacturing plants which control water or air pollution. The law was ratified this year.

Vermont: Vermont exempts from property tax any real and personal property exclusively installed and operated for the abatement of pollution of waters within the State or within the purview of the New England Interstate Water Pollution Compact in accordance with engineering principles approved by the Vermont Water Resources Board. Exemption for this property continues as long as its operation meets with the approval of the Vermont Water Resources Board. The Vermont statute was enacted in 1961.

Virginia: The Virginia law provides for accelerated amortization for tax purposes of industrial waste treatment facilities which permits their writeoff in 5 years.

Wisconsin: Under the Wisconsin law, all equipment installed to abate or eliminate water or air pollution is exempt from local taxation for 5 years, provided the operation of the facilities does not produce new income during that period. This law, enacted in 1953, provides for accelerated amortization for tax purposes of industrial waste-treatment facilities, allowing the cost to be written off in 60 months.

Mr. Speaker, this 12-State review indicates that many States have already attempted to cope with the problems of industrial water pollution by offering tax incentives to in-State industries for the construction of necessary sewage treatment facilities. Over the next 2 years, many State legislatures will be considering proposals to offer such tax incentives to industries. Yet if every State enacted statutes for giving tax incentives and financial assistance to industries to control water pollution, it would in no way equal the incentive which would be given to industry, if the Federal Government provided for such tax incentives through amendments to the Internal Revenue Code.

THE GOVERNORS WANT TAX INCENTIVES TO CONTROL AND ABATE WATER POLLUTION

Mr. Speaker, on March 16 of this year, the House Committee on Government Operations released its 21st report in a series of special reports based on extensive hearings held throughout the country during the 88th Congress by the Natural Resources and Power Subcommittee. This particular report deals with the views of the Governors on tax incentives and effluent charges as they relate to water pollution control and abatement. The report is a substantial addition to the increasing amount of material being assembled by the Congress and the Federal agencies on problems relating to the pollution of this Nation's waters and to methods by which this pollution can be controlled and abated.

The subcommittee's hearings evoked the views of hundreds of experts representing Federal, State, and local governments, interstate and intermunicipal agencies, industry, civic groups, conservation societies, professional organizations, and many others, at every level of activity and interest.

According to the report, the testimony received by the subcommittee concerning water pollution caused by manufacturing industries generally focused on four approaches for accelerating progress toward controlling pollution: voluntary action by industry; enforcement of State and Federal antipollution laws; providing financial incentives through tax relief or credits to industries which install facilities to treat their waste water discharges; and imposing effluent charges on industries based on the quantity and quality of their waste water discharges.

The findings of the subcommittee are indeed interesting, and at this point, I would like to discuss in summary the findings of the subcommittee. Tax incentives to industry to encourage water pollution abatement have not been used extensively by the States and territories. However, several States are considering legislation to provide such incentives. The experience of some of the States with tax incentive programs indicates that industry does not always take full advantage of this form of encouragement. Importantly, most of the State and territorial Governors generally support the proposal that Federal tax incentives be provided to encourage abatement of water pollution. They see no conflict between similar State programs and any tax incentives the Federal Government might provide. Those opposing tax incentives expressed the view that industry should not be paid for doing that which the law, in their opinion, requires.

Not only do no States or territories currently impose effluent charges to encourage industry to control water pollution, but most of the Governors also expressed disapproval of the proposal that the Federal Government impose effluent charges on industry. In opposing effluent charges, many Governors expressed the view that such a charge would be a license to pollute and that it would be difficult to administer a program of effluent charges. Responses received by the committee indicated that no less than 31 Governors oppose the idea of effluent charges; 5 Governors question the idea or suggest that more study is needed; and only 8 Governors expressed even qualified approval.

I think all Members can ascertain from this important report that there is generally strong support for a Federal tax incentive approach to abate water pollution and that there is generally strong opposition to the imposition by the Federal Government of effluent charges.

Mr. Speaker, it is essential for business, industry, and government to work hand-in-hand as partners if the pollution of our Nation's vital water supply is to be halted. As I have stated, it has been estimated that it would cost a minimum of $75 billion over a 15-year period to construct a sufficient number of waste treatment works to control industrial pollution. Such a financial burden would be beyond the scope of the industries to absorb. For this reason, the primary means through which our Nation will accomplish the immense undertaking effectively is by providing incentives for industry to construct these costly facilities.

The early attention of the Committee on Ways and Means to the consideration of measures before it to provide for a tax incentive to industry for the construction of sewage treatment works and the subsequent enactment thereof will be a gigantic step toward cleaning up America's waters.

CONSIDERATION OF ATOMIC ENERGY ACT OF 1954, AS AMENDED

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, I would like to make a very short statement before proceeding with the business at hand.

Mr. Speaker, the Joint Committee stepped aside today to accommodate the minority leader and some of his people in order to get through with the water pollution bill because some of them had to catch planes. It has taken more time than we expected it to take and, therefore, the lateness of the hour. If the Members will bear with me, I will work with the gentleman from California [Mr. HOSMER] and use a procedure in calling up the bill, which is noncontroversial, and I hope to have it passed within the next 30 minutes or less.

AMENDING ATOMIC ENERGY ACT OF 1954

The SPEAKER. The Chair recognizes the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3830) to

amend the Atomic Energy Act of 1954, as amended, which is identical to the bill H.R. 17685, and ask that the Senate bill be considered in the House as in Committee of the Whole.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. HOLIFIELD]?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3830

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 11 of the Atomic Energy Act of 1954, as amended, is amended—

(1) by redesignating subsections j. and k. as subsections k. and l., respectively, and by redesignating subsections l. through aa. as subsections n. through cc., respectively;

(2) by inserting after subsection i. the following new subsection:

"j. The term 'extraordinary nuclear occurrence' means any event causing a discharge or dispersal of source, special nuclear, or byproduct material from its intended place of confinement in amounts offsite, or causing radiation levels offsite, which the Commission determines to be substantial, and which the Commission determines has resulted or will probably result in substantial damages to persons offsite or property offsite. Any determination by the Commission that such an event has, or has not, occurred shall be final and conclusive, and no other official or any court shall have power or jurisdiction to review any such determination. The Commission shall establish criteria in writing setting forth the basis upon which such determination shall be made. As used in this subsection, 'offsite' means away from 'the location' or 'the contract location' as defined in the applicable Commission indemnity agreement, entered into pursuant to section 170.";

(3) by inserting after the subsection redesignated as subsection l. by paragraph (1) of this subsection the following new subsection:

"m. The term 'indemnitor' means (1) any insurer with respect to his obligations under a policy of insurance furnished as proof of financial protection; (2) any licensee, contractor or other person who is obligated under any other form of financial protection, with respect to such obligations; and (3) the Commission with respect to any obligation undertaken by it in an indemnity agreement entered into pursuant to section 170."; and

(4) by inserting the phrase ", including an extraordinary nuclear occurrence," between the word "occurrence" and the word "within" in the subsection redesignated as subsection q. by paragraph (1) of this section.

(b) Section 109 of such Act is amended by striking out "subsection 11 t.(2) or 11 aa.(2)" and inserting in lieu thereof "subsection 11 v.(2) or 11 cc.(2)".

SEC. 2. Subsection 170 e. of the Atomic Energy Act of 1954, as amended, is amended by deleting the last sentence.

SEC. 3. Section 170 of the Atomic Energy Act of 1954, as amended, is amended by adding at the end thereof the following new subsections:

"m. The Commission is authorized to enter into agreements with other indemnitors to establish coordinated procedures for the prompt handling, investigation, and settlement of claims for public liability. The Commission and other indemnitors may make payments to, or for the aid of, claimants for the purpose of providing immediate assistance following a nuclear incident. Any funds appropriated to the Commission shall be available for such payments. Such payments may be made without securing releases, shall not constitute an admission of the liability of any person indemnified of of any indemnitor, and shall operate as a satisfaction to the extent thereof of any final settlement or judgment.

"n. (1) With respect to any extraordinary nuclear occurrence to which an insurance policy or contract furnished as proof of financial protection or an indemnity agreement applies and which—

"(a) arises out of or results from or occurs in the course of the construction, possession, or operation of a production or utilization facility, or

"(b) arises out of or results from or occurs in the course of transportation of source material, byproduct material, or special nuclear material to or from a production or utilization facility, or

"(c) during the course of the contract activity aises out of or results from the possession, operation, or use by a Commission contractor or subcontractor of a device utilizing special nuclear material or byproduct material.

the Commission may incorporate provisions in indemnity agreements with licensees and contractors under this section, and may require provisions to be incorporated in insurance policies or contracts furnished as proof of financial protection, which waive (i) any issue or defense as to conduct of the claimant or fault of persons indemnified, (ii) any issue or defense as to charitable or governmental immunity, and (iii) any issue or defense based on any statute of limitations if suit is instituted within three years from the date on which the claimant first knew, or reasonably could have known, of his injury or damage and the cause thereof, but in no event more than ten years after the date of the nuclear incident. The waiver of any such issue or defense shall be effective regardless of whether such issue or defense may otherwise by deemed jurisdictional or relating to an element in the cause of action. When so incorporated, such waivers shall be judicially enforcible in accordance with their terms by the claimant against the person indemnified. Such waivers shall not preclude a defense based upon a failure to take reasonable steps to mitigate damages, nor shall such waivers apply to injury or damage to a claimant or to a claimant's property which is intentionally sustained by the claimant or which results from a nuclear incident intentionally and wrongfully caused by the claimant. The waivers authorized in this subsection shall, as to indemnitors, be effective only with respect to those obligations set forth in the insurance policies or the contracts furnished as proof of financial protection and in the indemnity agreements. Such waivers shall not apply to, or prejudice the prosecution of defense of, any claim or portion of claim which is not within the protection afforded under (i) the terms of insurance policies or contracts furnished as proof of financial protection, or indemnity agreements, and (ii) the limit of liability provisions of subsection 170 e.

"(2) With respect to any public liability action arising out of or resulting from an extraordinary nuclear occurrence, the United States district court in the district where the extraordinary nuclear occurrence takes place, or in the case of an extraordinary nuclear occurrence taking place outside the United States, the United States District Court for the District of Columbia, shall have original jurisdiction without regard to the citizenship of any party or the amount in controversy. Upon motion of the defendant or of the Commission, any such action pending in any State court or United States district court shall be removed or transferred to the United States district court having venue under this subsection. Process of such district court shall be effective throughout the United States.

"o. Whenever the United States district court in the district where a nuclear incident occurs, or the United States District Court for the District of Columbia in case of a nuclear incident occurring outside the United States, determines upon the petition of any indemnitor or other interested person that public liability from a single nuclear incident may exceed the limit of liability under subsection 170 e.:

"(1) Total payments made by or for all indemnitors as a result of such nuclear incident shall not exceed 15 per centum of such limit of liability without the prior approval of such court;

"(2) The court shall not authorize payments in excess of 15 per centum of such limit of liability unless the court determines that such payments are or will be in accordance with a plan of distribution which has been approved by the court or such payments are not likely to prejudice the subsequent adoption and implementation by the court of a plan of distribution pursuant to subparagraph (3) of this subsection (o); and

"(3) The Commission shall, and any other indemnitor or other interested person may, submit to such district court a plan for the disposition of pending claims and for the distribution of remaining funds available. Such a plan shall include an allocation of appropriate amounts for personal injury claims, property damage claims, and possible latent injury claims which may not be discovered until a later time. Such court shall have all power necessary to approve, disapprove, or modify plans proposed, or to adopt another plan; and to determine the proportionate share of funds available for each claimant. The Commission, any other indemnitor, and any person indemnified shall be entitled to such orders as may be appropriate to implement and enforce the provisions of this section, including orders limiting the liability of the persons indemnified, orders approving or modifying the plan, orders staying the payment of claims and the execution of court judgments, orders apportioning the payments to be made to claimants, and orders permitting partial payments to be made before final determination of the total claims. The orders of such court shall be effective throughout the United States."

Mr. HOLIFIELD. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, the bill that is before the House is to amend the Price-Anderson Nuclear Indemnity Act. It is a technical bill. It has been passed unanimously by the committee for the purpose of making available on an emergency basis funds which the Atomic Energy Commission may have for the immediate settlement of any claims that might arise. It removes certain legal objections which would ordinarily obtain in proving negligence on the part of a nuclear reactor operator.

We have approached this matter in conference with private insurance companies, with representatives of the States and with all the people who might be affected.

This bill removes the necessity for a new body of Federal tort law which might interfere with the various State laws on that particular subject.

It is supported completely by the insurance industry. They have agreed to follow the format of the bill which is before us in lieu of having a bill prescribing a new Federal tort advanced in the House.

I will be perfectly willing to explain this in detail if there are any questions to be asked on the matter.

If not, I yield to the gentleman from Illinois [Mr. PRICE], the author of the bill.

Mr. PRICE. Mr. Speaker, this bill is entirely in the public interest. This legislation itself pertains to third-party liability and the protection of the public. The purpose of this particular bill is to eliminate the necessity of prolonged and drawn-out litigation to determine legal liability. This legislation takes care of that matter and fulfills the fundamental intent of the act.

It has the support of the private insurance industry, the utility industry, the AEC, and the Joint Committee. In fact, no one appeared in opposition to this legislation.

Mr. Speaker, I join the distinguished chairman of the Joint Committee in urging passage of S. 3830.

When Senator ANDERSON and I introduced the Price-Anderson legislation over 10 years ago, it was our belief that the public would receive adequate financial protection from the very large private insurance-governmental indemnity fund provided for by the act. We assumed, on the basis of the evidence presented to the Joint Committee, that under existing legal principles someone would be held liable in the event of a serious nuclear incident. This would make the Price-Anderson fund available for payment of claims, because the insurance policies and indemnity agreements cover the liability of all.

We continue to believe these legal principles would apply. However, in more recent years, there have been fears expressed that bona fide claimants would be subjected to protracted litigation before they could collect from the fund, assuming they could collect at all. This is not in accord with the purpose of the Price-Anderson legislation. As the Joint Committee report stated last year:

> It is the clear intent of this legislation that if a member of the public ever is injured by a nuclear incident, he will not be subjected to a series of substantive and procedural hurdles which would prevent the speedy satisfaction of a legitimate claim.

I recognize, of course, that the likelihood of a serious nuclear incident is extremely remote. However, in view of the substantial participation by the Government in the nuclear energy program—and the special provisions already contained in the Price-Anderson Act for the benefit of the public and the nuclear industry—it appears to a number of members of the Joint Committee, including myself, that if an incident should occur, the public should be able to rely on the availability of the insurance and indemnity funds without having to prove someone was negligent. However, a claimant should still have to prove that the incident caused his injury and what his damages actually were.

Since last year, there has been an intensive, cooperative effort among representatives of the private insurance industry, the utility industry, the AEC, and the Joint Committee. I particularly want to commend the constructive role played by the representatives of industry in attempting to resolve this problem affecting the public welfare.

Mr. Speaker, I introduced the companion bill to S. 3830 to correct the possible deficiencies in the existing Price-Anderson Act which our committee identified in our hearings. I believe this bill is a fair and workable piece of legislation and I urge that the House pass it today.

Mr. ANDERSON of Illinois. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I rise to support S. 3830. I agree that under the existing law a claimant would probably not have to prove that someone was negligent in order to recover damages resulting from a serious nuclear incident. Nevertheless, a claimant might still face some potentially serious legal obstacles in such a case. For this reason, I support S. 3830, and believe this bill helps to fulfill the promise to the public contained in the Price-Anderson Act that funds will be available to pay for legitimate claims arising out of atomic energy activities.

Of course, it is the committee's belief and fervent hope that there will never be a need to call upon the huge sums of money made available through the Price-Anderson legislation. Dollars are no substitute for safety in the first instance. This is why the committee will continue to insist that the most rigorous standards are followed in building and operating nuclear plants. I should also note that there has never been an incident at a licensed nuclear reactor that caused injury to a member of the public..

Mr. SAYLOR. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I take this time to direct some questions to the author of the bill, or the members of the committee who are handling it.

Mr. PRICE, if I understood you correctly, you said that one of the purposes of the bill was to prevent any prolonged action to prove liability in case there was a nuclear explosion or catastrophe?

Mr. PRICE. That is correct. However, it does not change the necessity of proving injury or damage.

Mr. SAYLOR. If my memory serves me correctly, the proponents of this legislation, back in 1954, said that one of the reasons that they were passing this legislation was to enable the Government to get in real early and to make sure that the public had an adequate amount of money to protect them. It seems rather strange that 12 years later we now come along and in amending the bill say that one of the purposes of it is to make it easier in case there is a nuclear occurrence, that we should be able to have the public get their money more easily.

Mr. PRICE. It is not simply a matter of getting the money. The bill is designed to remove the technical legal obstacles that might face a claimant who was injured by an incident. It is a further concession to the public and to the injured party, but he still must prove the injury and he must prove his damages.

I must also say I believe at the time the original legislation was under consideration we said that we anticipated no time when we might have to exercise a provision of this act. I think our statements at that time have been proven correct. We have now passed the 9-year mark and there have been no nuclear incidents involving a licensed facility in which this legislation had to be invoked.

Mr. SAYLOR. Do not misunderstand me, Mr. PRICE. I am delighted that the AEC and private industry have had this kind of record. I am delighted that there has been no occasion to call upon this fund or the insurance fund which is available for the protection or claims of the public. But I notice that you now have included the phrase "extraordinary nuclear occurrence." What do you mean by including in this bill the term "extraordinary nuclear occurrence"?

Mr. PRICE. This is to make it certain that it would come into play only in an unusual situation—a significant incident, not a minor incident. That was the purpose.

Mr. SAYLOR. Oh, then, the purpose of the bill might be construed by the courts to limit liability in case there is not a catastrophe?

Mr. PRICE. The word "extraordinary" certainly would not place any limitation on liability.

Mr. HOSMER. Mr. Speaker, will the gentleman yield?

Mr. SAYLOR. I am happy to yield to the gentleman from California.

Mr. HOSMER. The procedures under this bill for the settlement of claims on account of a nuclear accident come into play when the accident is of such type as the AEC determines to be an "extraordinary nuclear occurrence." Before that point there are still remedies, the usual ones, and the usual means of settling a claim. So whether or not there is an "extraordinary nuclear occurrence" merely goes to the manner and the procedures by which settlements are arrived at. It does not go to the substance of the rights of anyone.

Mr. SAYLOR. Does the gentleman from California mean to tell the House that if there is a nuclear incident there is another means of liability against the Federal Government, rather than as provided in the Price-Anderson bill?

Mr. HOSMER. I am saying no such thing. I say merely that there might be a nuclear incident, and perhaps one person will be slightly injured and $20 worth of damage done to property. We would not call upon the procedures of this bill for settling that kind of situation. We would go about it in the ordinary manner of bringing a suit against somebody.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

(On request of Mr. HOSMER, and by unanimous consent, Mr. SAYLOR was allowed to proceed for 5 additional minutes.)

Mr. HOSMER. On the other hand, there are situations in which there may be large numbers of people involved, or a large dollar amount of property damage. I recall the conventional disaster situation at Texas City. One of the things learned from Texas City was that when there is that kind of disaster the claims settlement machinery must be able to move in, and move in fast and

move in effectively. This bill provides that in the event of an "extraordinary nuclear occurrence," not in the event of an insignificant nuclear occurrence, injured persons will not have to go through the legal technicality of proving negligence. Moreover, there will be this swift-moving machinery set up to provide for the type of claims settlement which experience has taught should be provided and which in fact the Price-Anderson Act as originally written did not clearly provide for.

Mr. SAYLOR. I say to the Members, and the members of the committee, I commend them for this type of legislation they have brought to the House. I believe it is a step in the right direction.

I hope that the Joint Committee on Atomic Energy will not stop here. Those of us who have objected to this approach of limited liability will someday see the time when the Joint Committee on Atomic Energy will say to the American public and to the world that if there is a catastrophe, whatever the liability of the Federal Government and the private operators, whomsoever they may be, they will put forth all their assets in an effort to settle these claims, rather than do it on a limited basis such as included in the Price-Anderson bill.

Mr. HOSMER. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I fully subscribe to what our distinguished Chairman has said about this bill. It would improve the protection to the public presently provided by the Price-Anderson Act, and it would do so in what I consider to be an ingenious way.

This bill does not superimpose a new body of Federal law upon a segment of our traditional State tort laws. Rather, it accomplishes the beneficial purposes we have in mind principally by providing for contractual agreement by the persons who might be held liable for a nuclear incident to forgo certain defenses that might otherwise by available to them under applicable State or Federal law. The Atomic Energy Commission would also waive these defenses in its indemity agreements. Through this mechanism the Price-Anderson Act will remain true to the principle that has been a cornerstone of the act since its passage, viz., minimal interference with State law.

There is one other point that I believe deserves emphasis. Among the issues that could be waived under this bill is that of the statute of limitations. The bill provides that the Commission may require the waiver of the defense as to any suit instituted within 3 years after the victim knows of his injury and its cause, and in any event within 10 years after the nuclear incident.

As the chairman indicated, there are a number of States whose statutes of limitations fail to take into account the problem of delayed manifestation of some radiation-caused injuries. In these States a claimant may not discover his injury until after the relatively short period of limitations has expired, in which case he probably would be unable to collect for his damages.

The effect of this bill would be to establish a more equitable 10-year gross limitations period for asserting claims arising from a serious nuclear incident. At the same time, however, the waiver leaves undisturbed the laws of those States which have enacted—or in the future may enact—longer periods of limitation. It is my hope that the States whose statutes of limitations and inadequate in this respect will review them and take remedial action.

I believe there is nothing else that need be added to the statement of our distinguished chairman, and I join him in urging that this bill be enacted.

Mr. HALL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, I have long been interested in this type of legislation. I think it is very apropos and commend the committee for bringing it in at this time. It was only on the last Consent Calendar that I asked a similar action on the part of the Federal Government be passed over without prejudice until such time as the Judge Advocate General of the department of the military services could come in and visit with me. The Speaker will recall that I engaged in colloquy at that time with the gentleman from Texas [Mr. PATMAN] concerning a most unusual and a highly classified military security ordnance plant in Texas.

Mr. Speaker, I want to say that since that time I have had this conference, and on the next Consent Calendar this is very necessary, this very favorable action on the part of the Federal Government in behalf of the people who are injured, and because of security being involved, can go to court and ask and obtain redress just as might happen in an unusual atomic nuclear incident. This approach has been justified to my complete satisfaction.

For that reason, Mr. Speaker, I am most anxious to support this legislation, and to seek the support of the other Members of this Chamber today in favor of these amendments.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 17685) was laid on the table.

GENERAL LEAVE

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. PRICE. Mr. Speaker, on behalf of the gentleman from West Virginia [Mr. STAGGERS], I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight Saturday to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

REPUBLICAN POLICY COMMITTEE STATEMENT ON THE FOOD FOR PEACE ACT OF 1966 AND EXTENSION OF PUBLIC LAW 480

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from Arizona [Mr. RHODES] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. RHODES of Arizona. Mr. Speaker, at the September 27, 1966, meeting of the House Republican policy committee, a policy statement regarding the Food for Peace Act of 1966, and extension of Public Law 480 was adopted. As chairman of the policy committee, I would like to include at this point in the RECORD the complete text of this statement.

REPUBLICAN POLICY COMMITTEE STATEMENT ON THE FOOD FOR PEACE ACT OF 1966, AND EXTENSION OF PUBLIC LAW 480

The House-Senate Conference on H.R. 14929 has deleted the provision that would have prevented subsidized sales to nations that trade with North Vietnam and Cuba. This provision was placed in the House bill at the insistence of Republican Committee members, and over the determined opposition of the Johnson-Humphrey Administration. It signaled to the world our commitment to victory and our unwavering support of our fighting men. Its deletion would encourage those who believe that when the chips are down, America will be unable to measure up.

We believe that any nation that either sells or furnishes or allows ships or aircraft under its registry to carry any equipment, supplies, or commodities to or from North Vietnam or Cuba should not be deemed to be a "friendly" country entitled to buy our farm commodities at bargain prices under Public Law 480. The House provision imposes this type of prohibition. It does not prohibit emergency food donations to these countries. The language that has been substituted in its place, however, is taken from the "Battle Act" which for fifteen years has been riddled with loopholes and evasions.

We urge the rejection of the Conference provision and the adoption of the strong and effective restriction on trade with the enemy contained in the House bill. When Americans and their allies are fighting and dying in the defense of freedom, nations that trade with those with whom we are joined in combat should not receive special treatment and assistance.

MORE THAN ONE SIDE TO POVERTY PROGRAM

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. DEVINE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DEVINE. Mr. Speaker, under leave to extend my remarks as they relate to the legislation concerning the Office of Economic Opportunity and the misnamed "War on Poverty," I have compiled material over the past several months which I feel should be made a part of the legislative history of this program.

Much criticism has emerged from all over the country, particularly concerning the administration or, if you please, the maladministration of the poverty program.

Vast expenditures of public funds have been made and the apologists both in this body and in the Senate are again employing budget-busting tactics for millions more.

In an effort to at least try to restore some semblance of reasoning in a bona fide desire to meet problems in the poverty area, I supported the amendment that would have reduced the cost of this program by $300 million. This proposal was defeated by the steamroller tactics of the majority who turned their backs on nearly every amendment offered. We were successful, probably on the basis of political reasons, in adopting the Ashbrook amendment, shooting down a number of the supergrades who have been receiving executive salaries when the poor were not being helped.

The following material is a compilation from various sources, and I only wish I could attribute the first:

Can anyone preserve any values by looking at anything today? If a man who earns his living hears constant denunciations of his "selfish greed" and then, as a moral example, is offered the spectacle of the war on poverty—which fills the newspapers with political favoritism, intrigues, maneuvering, and corruption among its administrators—what will happen to his sense of honesty? If a young man struggles 16 hours a day to work his way through school, and then has to pay taxes to help the dropouts from the dropout programs—what will happen to his ambition?

If a man saves for years to build a home, which is then seized by the profiteers of urban renewal, because their profits are "in the public interest," but his are not—what will happen to his sense of justice? (Author unknown.)

Let us consider the so-called War on Poverty. There are those who simply must have public assistance beyond that provided by our public schools, whether because of mental or physical incapacity, catastrophic illness, or total lack of training to fit into our technological society. The Congress has provided many such aids. The State and local governments have carried an enormous variety of welfare programs as well. The "War on Poverty" legislation, however, has injected something new with dangerous potentialities for the future of our Federal system.

As enacted in 1964, the original legislation provided for a veto power by the Governor in each State over proposed Job Corps, Neighborhood Youth Corps, and Community Action programs. This did not please the bureaucrats, so in 1965 the veto power was eliminated.

There was no evidence that Governors had used this power arbitrarily. But the final decision as to whether or not to establish such programs at the local level now rests with the Poverty Director in Washington. The widespread disclosures by newspapers all over the United States as to the sloppy and wasteful way in which these programs have been administered hardly proves the superior wisdom of Washington-based administrators over State officials.

The poverty program also allows Federal administrators to deal directly with the individual schools in setting up educational programs. Again, this is hardly conducive to friendly, cooperative relations with local school boards, who have to prepare education budget for the school systems in their locality. It establishes another dependency link between individual local schools and Washington.

State and local officials have become increasingly concerned with the Washington-based Poverty Czar's financing and encouraging of local private groups to establish poverty programs which are in direct competition with county and city social welfare agencies.

In many cities open revolt has broken out as a result of such Washington subsidies. It has taken the form of political registration drives among the poverty stricken to defeat a municipal administration which a private group dislikes; or the organizing with poverty funds of marching mobs to descend on State capitols to demonstrate against legislation proposed by Governors which some local agitator dislikes—legislation, I might add, which has nothing to do with poverty programs.

Ours is a feverish, restless world. Peoples are emerging into new nations in Asia and Africa. Older nations are changing. Tragically, many of these countries—new and old—seem to be forgetting the need for individual freedom. The creative impulse that beats in man's soul must be preserved and encouraged, and not smothered. The open society is one that allows a person to rise on independent terms.

Our leadership—whether in education, or industry, or government—has always benefited by the new man with new ideas coming to the top. Let us use our brains, and our courage, and our initiative to move forward not by changing our structures of government . . . but by using them imaginatively and courageously.

On June 30, 1966, "welfare rights demonstrations" commenced across the country coinciding with a rally in Columbus, Ohio, culminating a march from Cleveland sponsored by the Ohio steering committee for adequate welfare. This new movement was given birth by activist George A. Wiley, a former associate national director of CORE on May 23 in a flat about 10 blocks north of the White House at the poverty rights action center. The strategy was delineated by a professor of social work at Columbia University, Richard A. Cloward.

WAR ON POVERTY

The 2,350 permanent Federal employees of O.E.O. make up the palace guard of the poverty czar. Nearly half—1,006 of the elite force will receive $10,619 or more; at least 521 will be paid over $14,600; at least 54 over $19,600; 24 over $25,000; and 6 will get between $26,000 and $30,000.

POVERTY

In the New York Times, June 5, 1966, it states activitists, impatient with the Johnson antipoverty campaign, are firing up a militant direct action program in the large cities with the objective of a guaranteed federally financed annual income. The strategy is to demand welfare payments for all who qualify which would double the welfare rolls, precipitate a crisis, and ultimately force the politicians to accept a guaranteed income as a solution.

POVERTY PROGRAM EXAMPLES

(1) At the St. Petersburg, Florida, Job Corps Center, the cost per girl was $7,000 a year. At Camp Kilmer, New Jersey, it was $6,000 for boys, considerably more than it would cost to send a boy or girl through Harvard, Vassar or other schools of similar prestige.

(2) According to the OEO on April 18, 1966, regarding the Job Corps, "23,067 youths are enrolled in 97 centers financed by $315,-138,011 in obligated Federal funds." This amounts to $13,791.04 in obligated funds per present enrollee.

(3) Job Corps officials contracted to pay $94,800 a year to lease the old Kanawha Hotel in Charleston, West Virginia, to house a women's center. They spent an additional $225,000 renovating the building. Reliable real estate brokers estimated the hotel's value at $250,000. The Kanawha Hotel is owned by the Kanawha Hotel Co., whose president is Angus Peyton, a Democrat and State commerce commissioner. Other available hotels were never contacted.

(4) OEO spent $25,000 to print copies of a Li'l Abner comic book designed to advertise and promote the Job Corps, then changed its mind about the effectiveness of such a method and canceled the whole operation. Placed in storage in July 1965, 435,000 Li'l Abner comic books have gathered dust in Washington warehouses for many months at a cost of $125 a month.

DEMOCRATS SAY . . .

"Job Corps dropouts and malcontents are being coddled and complimented for their derogatory behavior," said Senator LEE METCALF, Democrat of Montana.

"New York City has had a disastrous experience thus far in the poverty program," said Congressman JAMES SCHEUER, Democrat of New York City.

"We must try to elevate other programs now mired in the swamp of mediocrity, such as Camp Kilmer; Phoenix, Arizona; Los Angeles and Washington, D.C.," said Chairman ADAM CLAYTON POWELL.

"There is a riot and a runaway of ineffective programs proliferating all over New York City, but not an effective attack upon the basic problem of poverty," said Congressman HUGH CAREY, Democrat of New York City.

"The rural areas . . . are going to get lost in the shuffle, and have already been lost in the shuffle," said Congressman CARL PERKINS, Democrat of Kentucky.

"I can certainly say that with respect to Los Angeles, and to title II, the program is in an awful mess, and unless something is done about it, further disorders can be expected," said Congressman AUGUSTUS HAWKINS, Democrat of Los Angeles.

"The fact is that a lot of bleeding-heart Ph. D.'s and professional poor people have succeeded in superimposing themselves on what are supposed to be action programs and are converting them into grandiose sociological studies and antisocial protest movements," said Democratic Congressman HUGH CAREY.

Senator WALTER F. MONDALE (D. Minn.) speaking of difficulty in getting programs funded: "There was nothing in writing. No guidelines for expenses were established. It is no surprise that Minnesotans working for antipoverty are often frustrated.

"We have a right to written, understandable rules," MONDALE said, "and officials must assume there is some local wisdom."

Senator VANCE HARTKE (D. Ind.): "I question the continuation of poverty programs, such as the youth camps. There are too many unanswered questions about operations at centers such as Camp Atterbury and Camp Breckinridge."

Democratic Congressman AUGUSTUS HAWKINS, of California, speaking in Los Angeles: "The community development program as adopted by Congress is not functioning as it was set up. What is being done to this program is a crime."

Democratic Congressman ROBERT E. SWEENEY, of Cleveland, described the Job Corps as a ". . . fantastically expensive failure. It is costing taxpayers $11,252 a year per enrollee. I believe this money can be better used by the Office of Education, the Department of Labor and the military education channels."

Senator ALBERT GORE, (D. Tenn.): "The Office of Economic Opportunity is a grossly disorganized affair and while I hope some order will be brought out of current chaos, I become more doubtful daily."

INCOME TAX DEPRECIATION DEDUCTION FOR SAVERS

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. ELLSWORTH] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ELLSWORTH. Mr. Speaker, I am today introducing a bill which would allow an income tax depreciation deduction for savers—those who own bonds, have deposits in banks or savings and loan associations or the like, and those who own life insurance policies or have vested rights in pension funds—to help defend their savings against the erosion of inflation. Enactment of my bill would also help combat inflation by encouraging the diversion of funds from consumption into savings. It would also help cut down our balance-of-payments deficit by making certain types of investment in the United States more attractive than they now are, and by causing the demand for imports to diminish as overall consumer demand is reduced.

I am indebted to Prof. Henry C. Wallich, formerly a member of the President's Council of Economic Advisers, for the basic idea that it would be appropriate for the Government, whose policies are responsible for the inflationary depreciation of the savings of millions of Americans, to make up for that depreciation by allowing a tax deduction for depreciation. Professor Wallich points out that a taxpayer who owns income-producing property, such as a rental dwelling, is allowed, in computing his taxable income, to deduct the depreciation that takes place on that property through wear and tear. On the other hand, this option is not open to the millions of taxpayers whose income-producing property takes the form of savings deposits or of bonds—and it is certainly not open to the owner of a life insurance policy or a worker who is participating in a pension fund.

Moreover, under policies the Federal Government is pursuing today, a steady depreciation of the dollar is probable. The Secretary of the Treasury has actually said that a 2-percent rate of inflation is tolerable. In fairness to savers, therefore, the definition of depreciable property ought to be extended to savings deposits and similar assets. That is the purpose of my bill.

For a full exposition and development of the background of this legislation, I include at this point in the RECORD, Professor Wallich's commentary in the April 6, 1966, issue of Newsweek magazine, entitled "Depreciation for Savers"; and a letter addressed to me from Professor Wallich, dated April 25, 1966. Following this explanatory material is the text of the bill which I have introduced today.

I urge my colleagues to give this bill their most careful consideration, and I hope the Congress will incorporate the provisions of this measure in the tax legislation which will be considered and enacted early in the 1st session of the 90th Congress.

HENRY C. WALLICH ON DEPRECIATION FOR SAVERS

As the traditional spring rite of filling in Form 1040 begins, taxpayers will be looking for legitimate ways of holding down their taxable income. One such device is to deduct depreciation on income-producing property. This is open not only to businessmen, but to anyone who owns income-producing property, such as a rental dwelling. The law reasons that this kind of property depreciates through wear and tear. The taxpayer's true income is diminished by depreciation. Hence the law permits depreciation to be deducted in computing taxable income.

This option is not open to the many millions of taxpayers whose income-producing property takes the form of savings deposits or of bonds yielding interest. The law here reasons that assets fixed in dollar terms are not subject to depreciation. Unfortunately, the law is wrong.

Under the policies the government is pursuing today, a steady depreciation of the dollar is very probable. The Secretary of the Treasury has said that a 2 per cent rate of inflation, although unwelcome and undesirable, is tolerable. In fairness to savers, therefore, the definition of depreciable property ought to be extended to savings deposits and similar assets.

INFLATION PREMIUM

If depreciation of the dollar were recognized as a legitimate deduction, savers would gain somewhat better protection against inflation. Present high interest rates already contain what may be called an inflation premium. This compensates the saver in some measure for depreciation of principal. But the premium is partly nullified if he has to pay taxes upon it. The tax collector should treat the inflation premium exactly as he treats the depreciation allowance for other property.

To compute the depreciation allowance for savings would be a good deal simpler than for most other depreciable property. The rate of inflation is known from the Consumer Price Index. The information could be supplied by the Treasury with Form 1040.

The taxpayer would also have to know the rate of interest he received on his savings. In the case of bonds, this is stated on the bond and the coupon. In the case of interest on deposits or savings-and-loan shares, the bank or savings-and-loan association could inform the saver of the average rate he received. Since he already gets a statement of his total interest receipts, supplying this information would be no great burden.

Then, if the taxpayer found that the rate of inflation was 2 per cent and he received interest at 5 per cent, he would deduct the 2 per cent and arrive at an income for tax purposes of 3 per cent.

BUSINESS TREATMENT

Complications probably would arise if the proposal were to be extended to businesses. For most businesses, interest in any event is not an important form of income. Banks and other financial institutions are in a special position that makes the present proposal inapplicable. Hence the proposal should be *limited to individual taxpayers.* Life insurance and pension-fund benefits payable to individuals, however, should be included, if the computational difficulties can be overcome.

Whether a corresponding adjustment should be made for interest paid *by* individuals is an open question. Interest payments now are tax deductible. In time of inflation, this conveys a double benefit: the tax deduction and the reduction in the real value of the debt. In fairness, the tax deduction ought to be reduced in proportion to the depreciation of the debt. For home mortgages, the amounts involved would be easy to compute. They would be almost impossible to compute, however, for consumer credit with its many hidden charges.

The revenue cost of this proposal would not be exorbitant. Based on 1963 reported taxable interest, applicable tax rates, the rise in the price index and interest at 4 per cent, the amount might be a billion and a quarter dollars. These benefits would go, however, to those particularly unfairly hit by inflation. Obviously the present is no time to make tax concessions to anyone. But when times change and tax reform once more can be considered, fairness to savers deserves high priority.

YALE UNIVERSITY,
DEPARTMENT OF ECONOMICS,
New Haven, Conn., April 25, 1966.

Hon. ROBERT F. ELLSWORTH,
House of Representatives,
Washington, D.C.

DEAR BOB: Thank you very much for the nice reference you made to my piece for Depreciation for Savers. In case you should still be thinking of having a bill drafted, I would like to bring to your attention the following.

It seems quite feasible to include individuals who save by way of life insurance. Straight life policies and other policies that have a savings feature all have a cash surrender value. This cash surrender value is known to the company from year to year. Inflation reduces its purchasing power exactly as it reduces that of bonds and deposits. Given the cash value and the rate of inflation, it is perfectly easy for each policy holder to compute the loss from inflation and to deduct it from his taxable income.

The main difference in the treatment of life insurance holders and other savers would be that the life insurance holder has no current interest income. He would be deducting the inflation loss from his other income, rather than from interest income. Furthermore, since the interest on the cash value of the policy builds up to the policy holders' credit free of income tax, policy holders already enjoy this benefit, as contrasted with bond and deposit holders. But the rate at which interest accrues to him was determined years ago, before interest rates began to contain much of an inflation premium, except in case of new policies. Policy dividends sometimes may be said to contain an inflation premium. All in all, the advantages enjoyed by the policy holder do not seem great enough to deny him the benefits of a depreciation allowance.

It is important to make the depreciation allowance applicable to policy holders before they begin to draw benefits, if a maximum number of individuals is to be appealed to. The number of people who draw benefits is much smaller than that of people who still accumulate. Furthermore, most recipients

of benefits are retired, have a low income, and use the standard deduction which might preclude them from taking advantage of the allowance. The latter depends on whether the depreciation allowance is treated as a regular deduction from income like local taxes and charitable contributions, or as depreciation charged against income from depreciable property. The latter alternative would of course preclude the allowance being used by policy holders that do not draw benefits and therefore have no income from their depreciable property.

The depreciation allowance could also be made available to pension fund beneficiaries, prior to the beginning of pension benefits. This would be possible in all those cases in which the pension rights are vested. In that case, the pension fund knows what the accumulated rights of the pensioner (e.g. death benefits) are. The procedure would then be the same as in the case of life insurance policies. There seems little point in applying the depreciation allowance only to pension benefits when they are paid, because the pensioners probably take the standard deduction.

Sincerely yours,

HENRY.

A bill to amend the Internal Revenue Code of 1954 to allow an individual a deduction from gross income for depreciation of the value of his savings due to inflation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 218 as section 219 and by inserting after section 217 the following new section:

"SEC. 218. DEPRECIATION ON SAVINGS.

"(a) In General.—Under regulations prescribed by the Secretary or his delegate, there shall be allowed as a depreciation deduction, in the case of an individual who at the close of the taxable year has savings (within the meaning of subsection (b)(1)), an amount equal to the average amount of such individual's savings during the taxable year multiplied by the rate of inflation for such year determined as provided in subsection (b)(2).

"(b) Definitions.—For purposes of subsection (a)—

"(1) Savings.—An individual has 'savings' at any particular time if at such time—

"(A) he holds bonds or other obligations (governmental or private) upon which interest is paid or accrues;

"(B) he has a deposit in a bank, credit union, or other financial institution, or owns shares in a savings and loan association or similiar institution, upon which interest is paid or accrues; or

"(C) he is the owner of a policy of life insurance, or has a vested right in (but is not currently entitled to) benefits under a pension fund or similar retirement plan;

and the amount of such savings at such time shall be deemed to be the current redemption value of such bonds or other obligations, the amount of such deposit, the current value of such shares, the current cash surrender value of such policy, or the amount of such benefits in which his right is currently vested, as may be applicable.

"(2) Rate of inflation.—The 'rate of inflation' for any taxable year shall be the amount (as determined by the Secretary or his delegate and expressed in terms of a percentage) by which the level of the Consumer Price Index (all items—United States city average) published by the Bureau of Labor Statistics, at the close of the taxable year, exceeds the level of such Index at the beginning of such year.

"(c) Information for Taxpayers.—The Secretary or his delegate shall furnish taxpayers with such information (including the rate of inflation for representative taxable years and instructions for determining such rate for other taxable years), and shall provide financial institutions, life insurance companies, and others with such forms and instructions for furnishing information to individuals whose savings they hold, as he deems necessary or appropriate in carrying out this section."

(b) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 218. Depreciation on savings.

"Sec. 219. Cross references."

SEC. 2. The amendments made by the first section of this Act shall apply with respect to taxable years ending on or after the date of the enactment of this Act.

BIBLE TRANSLATION DAY

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from South Dakota [Mr. REIFEL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. REIFEL. Mr. Speaker, this morning I was among those participating in ceremonies in connection with designating the 30th day of September in 1966 as "Bible Translation Day." Speaking from a personal standpoint I would like to give my views on the importance of Bible translations. In 1879 the Bible was translated into the Sioux language by two missionaries, Thomas S. Williamson and Stephen R. Riggs. My mother, of the Rosebud Sioux Indian Reservation, became an Episcopalian 75 years ago and while my brothers and I were growing up she saw to it that we would never miss school or church. Her own only reading material was an Indian monthly printed by a mission and the Sioux language translation of the Bible. It is not too much to say that I owe my presence in this august Chamber at this moment to influence exerted on my mother by the Sioux language Bible. My mother was a full blood Indian without formal education, spoke only broken English, and that only when necessary. Yet she realized that as a devout Episcopalian she must shape her children's lives to meet the changed conditions of the age.

Only three other Indian tribes in all North America had the entirety of the Bible translated into their tongues—the Massachusetts in 1663 by John Eliot; the Plains Cree of western Canada, translation in 1862 by several people, William Mason, Mrs. Sophia Mason, H. Steinbauer, J. Sinclair and native helpers; and the Tukudh in northwestern Canada translation in 1898. These translations have exerted immeasurable influence for good not only on many individual families but also on entire communities and tribes. Other Indian tribes, with only parts of the Bible translated into their mother tongues, have profited immensely in the character development of individual families and communities.

Book learning goes along with Bible translation. In the case of the Sioux, the Reverend Stephen Riggs not only helped translate the Bible but also compiled a grammar and a dictionary of the Sioux language and translated "Pilgrim's Progress" into Sioux. The Indian tribe makes the transition from proliterate to literacy by learning to read the translated Bible. Now this brings another point to mind.

Over in the Library of Congress they have on display a copy of the first printed book dated 1450, the Gutenberg Bible, together with a hand-copied Bible of about the same time, the Great Bible of Mainz. No one could miss the significance of this juxtaposition of the printed Bible with a laboriously handwritten Bible taking many months for one person to complete a single copy. So it is with Bibles or parts of Bibles translated into Indian languages, the printing press speeds up things and makes many copies available practically simultaneously. Nowadays, it might be added, we are witnessing the still further advance of reproduction methods in the Xerox machine which makes the laborious efforts of the medieval copyist really passé.

It goes then this way. The more Bibles made available by printing, the more people learn to read and to better themselves through their exercise of this skill in reading the terms of contracts, and in looking after their own businesses. As people get older they have to obtain eyeglasses to correct their vision in reading. In Holland during the 16th century the juxtaposition of such eyeglasses led to the invention of the telescope for seeing great distances and of the microscope for seeing the extremely small objects that surround us.

In this day and age of accelerating technological change the translation of the Bible into Indian languages becomes ever more feasible and more rewarding in its results. The advance of the age of automation has seen many wonders—the laser, maser, transistor, computers, and the like. For all of these advances we have to be thankful as making it possible for us to have access to things never dreamed of before—health centers, hospitals, libraries, television, good schools, fine churches, and so on.

The common ground on which many nations and tribes stand today is furnished by the Bible translation into many tongues. It is now possible to communicate through scriptural texts in over 1,232 tongues. Compared with the mere 30 or more U.S. Indian tongues into which scriptural materials have been translated, this looms very large. There is great need to have work on translation as there are approximately 180 Indian tongues currently spoken in the United States. According to a work on the Bible published by the American Bible Society in 1938, "The Book of a Thousand Tongues" by Dr. Eric M. North, the following are the Indian languages or dialects of the United States into which scriptural materials have been translated: Arapaho, Arikara, Blackfoot, Cherokee, Cheyenne, Chinook, Choctaw, Dakota, Delaware, Haida, Hidatsa, Hopi, Iroquois, Keres, Maliseet, Mandan, Mas-

sachusetts, Micmac, Mohawk, Muskogee or Creek, Navajo, Nez Perce, Objibwa or Chippewa, Oneida, Osage, Oto, Ottawa, Pottawatomi, Seneca, Shawnee, Tsimshian and Winnebago.

The work of translation began long ago. In 1663 the entire Bible was published in the Massachusetts Indian language in a translation by the Reverend John Eliot. This was the first whole Bible translated and printed in a newly discovered language as a means of evangelization and was the first Bible printed in North America. The Massachusetts language was spoken by Indians in eastern Massachusetts in the 17th century and was reduced to written form by John Eliot about 1643. He was the first of a series of English-speaking scholars, who, utilizing their skills acquired in studying the Greek and Latin and Hebrew languages set themselves to the task of fathoming the tongue of an aboriginal unlettered people of North America, analyzed their grammatical structures and thus gave them written form, with the sole purpose of providing them with the Word of God.

John Eliot is a man worthy of detailed consideration to us here today in view of the character of his achievement. He was graduated from Jesus College at Cambridge University in 1623 and coming to Massachusetts in 1631 became pastor of the Roxbury Church. The need for preaching to the Indians in their own tongue early appealed to him but it was 15 years before he mastered it sufficiently to be a fluent speaker. In 1653 he wrote:

> I have had a great longing desire, if it were the will of God, that our Indian language might be sanctified by the translation of the Holy Scriptures into it.

The task he thus undertook was a difficult one as he had no record of other such experiences to guide him. Cotton Mather is reported to have said that the long words in the Indian translation must have been stretching themselves out from the time of the confusion of tongues at Babel. He began with the Lord's Prayer, the Ten Commandments and a collection of other such Scriptural passages and in 1655 Genesis and St. Matthew's Gospel were printed by Samuel Green on the little press at Cambridge, Mass., that belonged to the president of Harvard College. When the entire New Testament was ready for printing a new press, type, and printer were sent over from England by the "corporation for the promoting and propagating of the Gospel of Jesus Christ in New England," and in 1661 the New Testament in the Massachusetts Indian tongue was printed. This was followed by the entire Bible in 1663.

The only other language of Indians living within the present boundaries of the United States in which a whole Bible was translated was that of the Dakota or Santee although there are New Testaments in Cherokee, Cheyenne, Choctaw, Muskogee, and Ojibwa, and Gospels and other portions in 26 other languages of "native" U.S. Americans.

In regard to Bible translations into U.S. Indian native languages since World War II, the following may be said. According to the American Bible Society records, publications of translations have been made since 1938 of Biblical texts in Cherokee, Comanche, Eskimo of Alaska, Iroquois, Navajo and Zuni. In their work entitled "Two Thousand Tongues to Go," the story of the Wycliffe Bible translators, New York, Harper & Bros., publishers, 1959, p. 252, Ethel E. Wallis and Mary A. Bennett have listed the following tribal languages as fields of attention for translating purposes—Navajo and Apache, Comanche, Keres and Tewa, Pueblo, Hopi, Papago, Seminole, Paiute, and Eskimo and Athapaskan dialects of Alaska.

The same source indicates that the Wycliffe translators' work is based on ascertained need. Because in certain cases English is replacing the tribal language at a more rapid rate than in others it is felt that not all of the some 186 languages and dialects of Indian and Eskimo people within the United States will require a full translation of the New Testament or other Biblical texts. In the case of the Navajo, however, this has proved a help and a blessing to numerous native speakers of the language. For the Comanches it would appear that the time for translation has gone by since most Comanches are bilingual or speak only English. Work among the Florida Seminoles, with the assistance of a friendly Indian agent, would seem to indicate a strong positive possibility of a need for translations.

One solution for the problem of reaching Indians today by Biblical translation may lie in the "diglot," which is simply a version of the old-fashioned "pony" "crib" or "trot" by the help of which some of us may have learned our Caesar, Cicero or Vergil in our Latin courses. Those who learn to read their own language soon learn to read the second language and are assisted in their understanding of the relations between the two. Such devices may provide for the more rapid adoption of English by the Indian tribe than would be the case if the native language were never used for publication. In 1949 the Cherokee Scripture Committee of Westville, Okla., published a diglot in Cherokee and English of the Gospel according to John. In 1948 the American Bible Society published a Navajo-English diglot of the Gospel according to John. The American Bible Society, Broadway and 61st Street, New York City, N.Y., published a book entitled "Bible Translating, An Analysis of Principles and Procedures With Special Reference to Aboriginal Languages" by Dr. Eugene A. Nida in 1947 which furnishes invaluable aid to those interested in such matters. Information on this subject may also be obtained from Wycliffe Bible Translators, Post Office Box 1960, Santa Ana, Calif.

In this day of computers and automation some question might be raised as to the possibility of machine translation of scriptural texts into various Indian languages. The answer to this question is given by Dr. Eugene A. Nida in his recent book entitled, "Toward a Science of Translating, With Special Reference to Principles and Procedures Involved in Bible Translating."

In Dr. Nida's opinion there are certain basic limitations in machine translating particularly because computers are incredibly less complicated than the human brain. Despite the ability of a computer to do certain calculations much faster than man it can only do what it is told to do in the line of certain arithmetic operations and for certain logical operations. Language forms themselves must be translated into technical jargon in order to adapt to the limitations of the computer. Although machines may eventually be developed for "low grade" translation of certain technical documents of a highly specialized nature, the attainment of literary quality cannot be expected. There is no danger of the missionary translators of the Bible being put out of a job by machines.

This brings me to the final point that I would like to make, the enormous debt which we owe to the missionary translators of the Scriptures into American Indian languages. I can think only of the highest words of praise for their efforts and for their choice of life tasks in the endeavor to be of service to God and humanity. It has been said that the harvest is great but the laborers are few. How true this is when we contemtemplate the history of Bible translating. These men sacrificed the comforts of fireside and home to go out to undeveloped, preliterate peoples, seeking to carry the light to all men. They appear to these people like angels of God, carrying the message of love and hope and faith to the ends of the earth.

RETIREMENT OF ARTHUR KROCK

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. GERALD R. FORD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, I have learned with real regret of the retirement tomorrow of Mr. Arthur Krock, of the New York Times. It is not accurate to salute him as the dean of Washington correspondents, because after 60 years in journalism he retains the energy and curiousity of the newest newcomer, and the only evidence of his vintage is the mellow wisdom and humanity of what he writes. I hope we all will have the continued privilege of reading Mr. Krock's contributions, as the spirit moves him, for years to come.

THE UNITED STATES AND THE WAR IN VIETNAM

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. GERALD R. FORD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, on September 20, 1966, the Planning and Research Committee of the Republican Conference of the House of Representatives released a document analyzing the history of the relations between the United States and Vietnam from 1950 to the present time. The title of the document is "The United States and the War in Vietnam."

Several Members of this House on the other side of the aisle uttered strong criticism of this document before they had had an opportunity to read it. None of the critics, then or later, denied the accuracy of any of the statements contained in this report.

I have, however, received from the Secretary of Defense a letter contending that the pamphlet reports an inaccurate reference to him which was made by a news commenator, Eric Sevareid.

I am most anxious that no injustice be done to Secretary McNamara. Let me point out, however, that the Secretary's quarrel is really with Mr. Sevareid and not with our report. The pamphlet, "The United States and the War in Vietnam," faithfully reported what Mr. Sevareid wrote about Secretary McNamara in the November 30, 1965, issue of Look magazine and it clearly indicated that the statement to which Secretary McNamara objects rested on Mr. Sevareid's authority.

The point which the white paper on Vietnam is making was that President Johnson was not candid when he declared in the spring and summer of 1965 that "there has not been the slightest indication that the other side is interested in negotiation." This point is established beyond question regardless of whether Mr. McNamara or Mr. Sevareid are correct on the issue of whether Secretary McNamara played a part in discouraging a meeting which U Thant thought could be arranged between American and North Vietnamese representatives around the time of the 1964 election. There had been a peace feeler, a peace feeler that was rejected and kept quiet by the Johnson administration.

This point has been admitted by the Department of State. The New York Times of November 16, 1965, reported:

> The State Department confirmed today a report that a year ago the United States rejected an offer by North Vietnam to have representatives of the two nations meet in Rangoon, Burma, to discuss terms for ending hostilities in Vietnam.
>
> Robert J. McCloskey, State Department press officer, said that during that period the United States received reports from numerous third parties who had contacts with officials of North Vietnam.
>
> On the basis of the total evidence available to us, we did not believe at any time that North Vietnam was prepared for serious peace talks, Mr. McCloskey said.

Secretary McNamara is an honorable man and Mr. Sevareid is a responsible reporter. Mr. Sevareid's article in Look contained the following passage:

> In the early autumn of 1964, he (Adlai Stevenson) went on, U Thant, the UN Secretary-General, had privately obtained agreement from authorities in North Vietnam that they would send an emissary to talk with an American emissary, in Rangoon, Burma. Someone in Washington insisted that this attempt be postponed until after the Presidential election. When the election was over, U Thant again pursued the matter; Hanoi was still willing to send its man. But Defense Secretary Robert McNamara, Adlai went on, flatly opposed the attempt. He said the South Vietnamese government would have to be informed and that this would have a demoralizing effect on them; that government was shaky enough, as it was.
>
> Stevenson told me that U Thant was furious over this failure of his patient efforts, but said nothing publicly.
>
> Time was passing, the war expanding. The pressures on U Thant, supposedly the Number One peacemaker of the globe, were mounting from all sides within the UN. So he proposed an outright cease-fire, with a truce line to be drawn across not only Vietnam but neighboring Laos. U Thant then made a remarkable suggestion: United States officials could write the terms of the cease-fire offer, exactly as they saw fit, and he, U Thant, would announce it in exactly those words. Again, so Stevenson said to me, McNamara turned this down, and from Secretary Rusk there was no response, to Stevenson's knowledge.

Mr. Sevareid in the course of this article, which deals with his last interview with Adlai Stevenson, wrote that he had "a sense of certainty" that he was reporting accurately what Stevenson had said to him.

We have written Mr. Sevareid, inviting his comment on Secretary McNamara's denial of the statements which are in dispute. In the interest of accuracy I hope that Mr. McNamara and Mr. Sevareid are able to reach agreement about the events on which they disagree.

I ask that a press release of the Defense Secretary, dated November 15, 1965, asserting "There is not one word of truth in the remarks made about me or the position attributed to me in the article"—written by Eric Sevareid in Look magazine—be included in the RECORD.

> [Press release No. 809-65, Nov. 15, 1965]
>
> The following statement was made today by Secretary of Defense Robert S. McNamara:
>
> "The report in the current issue of Look Magazine that on two occasions during the Fall and Winter of 1964 I opposed peace talks with North Vietnam is totally false. It is stated that the Secretary General of the United Nations obtained an agreement from North Vietnam to explore the possibility of peace talks with the United States, but that I opposed such talks and therefore they were not held.
>
> "There is not one word of truth in the remarks made about me or the position attributed to me in the article.
>
> "My position has long been known. It is that we should search in every possible way for a peaceful settlement in Vietnam and should be prepared for unconditional discussions with the governments concerned, in large groups or small ones, at any time and any place.
>
> "That was my position in 1964. It is my position today. And it will continue to be my position. Allegations or speculation to the contrary are without any substance whatever and are harmful to the people and government of the United States."

WHERE THE TAXPAYERS' MONEY GOES

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, with the rising cost of living and with the current talk of a pending increase in taxes, more and more citizens are watching their pennies more closely. It might not be remiss for them also to scrutinize the various uses for which their tax dollars are being expended by the Federal Government. A recent column by Jerry Landauer in the Wall Street Journal, entitled "Building Award to McCloskey Could Cost Taxpayers $4 Million," is illustrative of the many cases in which citizens' hard-earned taxes go down the drain. I insert the above-mentioned column in the RECORD at this point:

> BUILDING AWARD TO MCCLOSKEY COULD COST TAXPAYERS $4 MILLION, TREASURY CONCEDES
>
> (By Jerry Landauer)
>
> WASHINGTON.—Government officials concede that Democratic fund-raiser Matthew H. McCloskey's good fortune in landing the $12.8 million contract to build the Philadelphia mint could cost the taxpayers at least $4 million.
>
> In further reply to Republican accusations of favoritism to the construction company Mr. McCloskey founded, embarrassed Treasury officials also are retracting in part earlier claims to Congress that getting the new mint built fast would save scads of money.
>
> Thus does the Government explain the paradox of how Mr. McCloskey's concern benefited both from a clamorous urgency to build and from a subsequent decision to stretch out the construction. "This time Matt's people were lucky, that's all," one official asserted. Another said Big Government's cumbersome decision-making processes compounded the luck.
>
> Meantime the General Services Administration, the Government's contracting agency, has accepted the company's contention that strikes and snowstorms were responsible for failure to meet an April 3 deadline imposed by a separate $2.7 million contract for the mint's substructure. The GSA decision relieved the company of perhaps $300,000 in potential penalties.
>
> BYPASSING SEALED BIDS
>
> On the bigger contract for the superstructure, the company's streak of luck began in May when the GSA, pressed by the Treasury, bypassed normal sealed competitive bidding for urgency's sake. Officials decided that selecting the contractor through the assertedly faster method of negotiated procurement was necessary to help lick the coin shortage.
>
> Besides, as Assistant Treasury Secretary Robert A. Wallace told a House Appropriations subcommittee on March 3, "the funds you approved for the construction of the new mint in Philadelphia will enable us to save the taxpayers approximately $1 million a month when we put these new, fully integrated facilities into operation in 1967."

Moving at full tilt in disregard of a Cabinet meeting April 1 at which President Johnson directed a slowdown in Government construction to douse inflationary fires, the GSA on May 27 invited contractors to submit proposals that would serve as a starting point for negotiations. In response on June 24, the GSA received two quotes from McCloskey & Co.: $13,227,565 to complete the job in 18 months and $17,195,834 if the work had to be compressed into 12 months. These quotes were, respectively, $447,565 and $3,384,384 higher than those submitted by a competitor, J. W. Batteson & Co., of Arlington, Va.

Despite the presumed necessity for speed, the GSA didn't start negotiations with the contractors. Instead, it waited until June 29 for Mr. McCloskey's son, Thomas, the company president, to drop by with revised proposals that undercut Bateson's. McCloskey & Co.'s new quotes lopped $545,000 from its original 18-month price. And for the 12-month period, McCloskey proposed a far bigger bargain, $4,102,269 below the first quote.

SEEMING GIANT BARGAIN

At first glance, McCloskey & Co.'s ability to chop more than $4 million from its 12-month construction proposal seemed to offer a giant bargain indeed. Completing the mint in a year would cost the Government just $411,000 more than if 18 months were allowed, the revised McCloskey proposals stated. Matched against Assistant Secretary Wallace's $1-million-a-month estimate of savings, the somewhat higher cost of compressing the construction timetable seemed trivial; by getting the mint in operation quickly; taxpayers could save $5.6 million—if the estimate given Congress was accurate.

Mr. Wallace's testimony, Treasury officials say, was based on presumably careful calculations compiled under the direction of Eva Adams, director of the Mint. By her estimate, operating the new Philadelphia facility would be $125,000 a month more efficient than the old. In addition, the new mint would save from $750,000 to $1,181,000 every month (depending on the rate of coin production) by melting, rolling and casting coin strip; the old mint buys strip from contractors at higher cost. Even at the lower rate, the six-month saving comes to $4.5 million, or $4.1 million net if the total is reduced by the higher cost of compressing construction.

Yet when decision day for awarding the contract arrived on June 29 the Treasury ignored the claims Miss Adams had pressed on Congress to help extract construction appropriations. Treasury Under Secretary Joseph Barr declined the McCloskey 12-month bargain, in part, the Treasury says, "because he didn't believe previous estimates of savings given by the mint were correct." Instead, Mr. Barr recommended and the GSA awarded McCloskey & Co. an 18-month contract for $12,682,565, just $97,000 below the losing quote submitted by Bateson & Co.

One reason given for the change was the rapid disappearance of the coin shortage, which reduced projected estimates of coin production. And, as an aide explains, "she (Miss Adams) got carried away. She's a promoter, you understand. Her heart and soul is this new mint."

President Johnson's April request to stretch out Government construction was another factor prompting Mr. Barr to rein in the GSA's pell-mell rush to get the mint built, though that rush was still deemed sufficient in May to justify the negotiated procurement by which McCloskey & Co. won the construction contract.

A POSITIVE REPORT ON A CHILD DEVELOPMENT CENTER

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. WIDNALL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WIDNALL. Mr. Speaker, no Federal program can claim to be above improvement, and the war on poverty effort is certainly no exception to that fact. One of the most important means of learning how to change and upgrade the approach in use is to study the successes, the examples of positive results, and build on this experience. I would suggest that one of the most useful examples for this type of an approach can be found in the positive report of achievements from the Leonard Johnson Day Nursery School in Englewood, N.J.

Originally funded under the Headstart program, the school this past year has served a total of 88 children, 52 on all-day basis, 16 in the morning and 20 in the afternoon after their morning session at the public school prekindergarten or kindergarten. The 1966–67 enrollment is 83 at present, with 90 percent from the poverty and below income group. Seventy are Negro and 13 children are white, and the school is actively seeking to fill its last 5 spaces with children from the very low income white group to keep a balance. More than a hundred children are on the waiting list, including 17 requests for September, 1967, a year from now, so accepted has this nursery school become within the community it serves.

Nor are the achievements confined to the work with the children. Through intensive casework with parents, several families have now become self-sustaining and have been removed from welfare roles. By involving the parents in the planning for the school, a number of parents have begun to take an active interest in community and public school activities. In short, since the school was opened in September of 1965, it has served not only as a Headstart program, but as an agency furthering communication between all segments of the community.

There have been problems. Delays have occurred in the processing and funding of the school's applications through the Office of Economic Opportunity's administrative framework. The school was originally planned to serve 50 children with 3 teachers and 3 assistant teachers plus administrative and maintenance personnel. The OEO required operation to full capacity, 88 children; OEO standards have also required more teachers, assistant teachers, and aids. There are now six certified teachers, two assistant teachers, and four aids, and some questions remain as to possible overstaffing. The health program has been somewhat inhibited due to the unavailability of the public health nurse. Nevertheless, on balance, the school has become a definite asset to the community, and its sponsors are working hard at improvement.

I have had an opportunity for personal contact with those responsible for the school, and I know that the school's success is a tribute to the hard work and thoughtful preparation of its sponsor, the Social Service Federation of Englewood, Inc., together with other volunteer groups and individuals and the staff. I look forward to the day when our efforts to introduce our low-income citizens into the mainstream of American life are all as rewarding as those associated with the Leonard Johnson Day Nursery School in the county I have the privilege of representing in Congress.

At this point, I would like to include the report for 1965–66 of the school, describing its activities, in the hope that this information may prove instructive to others as well:

DATA RE LEONARD JOHNSON DAY NURSERY SCHOOL, SEPTEMBER 26, 1966

Leonard Johnson Day Nursery School was originally planned to serve 50 children. This would have required 3 teachers and 3 assistant teachers plus administrative and maintenance personnel.

O.E.O. required enrollment to full capacity—88 children. According to O.E.O. standards, more teachers, assistant teachers, and aides were required to bring the staff to 12 teaching personnel (6 certified teachers, 2 assistant teachers, and 4 aides).

1. Capacity of children 3–5 years of age to be served—88. Present enrollment: Negro, 70; white, 13.

2. 1966/67 enrollment is presently 90% from the poverty and below income group.

Present waiting list for enrollment is over 100 children—predominantly Negro. (We now have 17 requests for 9/67). We are trying to fill the few remaining openings (5) with children from the very low income white group, which has to be actively sought out and recruited.

3. Through intensive casework with parents, several family units have become self-sustaining and have been removed from welfare rolls. Through involvement in planning for the school with Board and committees, a number of parents have begun to take an active interest in community and public school activities.

4. Since opening of school (9/1/65), it has served—not only as a Head Start Program—but as an agency furthering communication between all segments of the community.

LEONARD JOHNSON DAY NURSERY SCHOOL—REPORT OF A CHILD DEVELOPMENT CENTER

In the past year, the Leonard Johnson Day Nursery School has served a total of eighty-eight children: 52 on an all-day basis, 16 in the morning and 20 in the afternoon after their morning session at the public school pre-kindergarten or kindergarten.

1. THE STAFF

In-service training

Weekly staff meetings are held at the Leonard Johnson Day Nursery School. During the meetings, techniques in the classroom, behavior patterns, research findings or program changes are discussed. In addition to this, each teacher and all assistants have had occasion to visit other schools and discuss program and techniques after these visits. All classroom personnel have been encouraged to attend professional meetings and conventions and to share these experiences with the entire staff. The Director has taken part in several state-wide meetings as a participant, speaker, or panel member upon invitations from different organizations.

Once a month, an Englewood psychiatrist donates his services. He serves in a capacity

of consultant to teachers and caseworker and discusses specific children to help clarify feelings, and possible changes in approach to these children.

Work with teachers

The Case Worker has been in continuous communication with teachers. No less than one hour of the day has been devoted to this activity. Children's behavior, problems, teachers' efforts through methods and techniques were discussed. As the caseworker worked with parents and deepened her understanding, she in turn tried to help the teacher to better understand the child and readjust techniques, teaching and learning experiences to meet the needs of the individual child. In the process of developing a deeper understanding of a child's emotional and social growing needs, a team approach between caseworker and teacher has emerged. This relationship has provided an opportunity to both teacher and caseworker to use themselves in their respective professional responsibilities in a continuously learning, self-evaluating process. A teacher, armed with a richer understanding of a child's emotional needs, difficulties, strength, can develop and use her abilities and professional knowledge to a greater advantage. A teaching techniques, a play experience, any effort within the environment that a good nursery offers to a young child, acquires an added dimension when a teacher constantly deepens her awareness of child emotional development; and when a teacher is constantly re-evaluating herself and her participation in bringing about the growing-up process.

Manifestations of behavior have been discussed at staff meetings. Five psychiatric consultations through staff discussions under the direction of the consulting psychiatrist have enriched our experience and knowledge. The caseworker and teachers prepared case material for the psychiatric consultations.

Aids

All teacher aids have been, whenever possible, included in staff meetings or discussions on teaching techniques. Again personal interviews were used to help the aids, who all come from the target area, to develop a professional interest and attitude in the classroom. Distinction between teachers, assistant teachers and aids is kept at a minimum in the classroom. The only definite exceptions are the pre-planting of the curriculum and the use of case histories and reports which are not available to the aids. There is no question that techniques and attitudes have changed and teachers' aids now feel free to take part in discussions or to offer suggestions for activities in the classrooms.

Youth Corps and Co-op work-study program

The school has worked closely with the public school system to provide employment for teen-agers in the Youth Corps and the Co-operative Work-Study Program. Presently, two youth corps boys are employed by the school, one during school hours to fix, paint, and generally assist in the cutodial work. The other boy comes after school and, under supervision, cleans floors and bathrooms. Both have worked now for several months at the school and they are becoming increasingly responsible in carrying out their duties.

A teen-age girl, member of the Co-operative Work-Study Program at the Englewood High School (Dwight Morrow) comes in daily in the afternoon to aid teachers. The Nursery School has been approved by the State Department of Education, Vocational Division, since it provides a training program for this girl which will enable her to earn five additional credits in the high school. It has been proposed both by the high school and the State Department that more youngsters take part in this training program at the Leonard Johnson Day Nursery School but since the nursery school, and not the Work-Study Program, is supposed to pay the student workers, additional funds would have to be allocated for this.

2. MEDICAL PROGRAM

The Health Program has been somewhat hampered by the inavailability of the Public Health nurse. Since no funds have as yet been granted to hire a nurse for the school, teachers have tried to do the daily check-ups. Health records and accident reports, however, should be kept more completely and the aid of a regular part-time nurse employed by the school is essential.

Pediatricians of the community are conducting health check-ups for all children in the school and immunization are checked at the same time.

The Englewood Public School System conducted eye examinations for all children between four and five years of age that could enter Englewood schools in the fall. Since working parents could not take advantage of the opportunity to have their child's eyes tested (wrong hours), the Leonard Johnson Day Nursery School offered its facilities to the nurse and volunteers conducting the program. In this way, all forty eligible children at the Leonard Johnson Day Nursery School were tested.

3. NUTRITION

A balanced meal for lunch supplemented by bread and butter and ½ pint of milk per child is served every day. Milk and bread or crackers are available to those children who come without having had breakfast. A morning and an afternoon snack are also served daily, each consisting of either juice, milk, or chocolate milk and cookies or crackers.

The budgeted amount of 50¢ per child per day is adequate to provide for a variety of nutritional meals. The school also receives some government surplus food under an institutional classification.

Many children have tasted food at the school that they either never had tasted or never had been served before. Several poor eaters have developed a greater enjoyment for food and are now normal eaters.

Teachers and children have discussed food on the level of the children, they have cooked and baked simple dishes and have learned to accept new experiences in taste and nutrition.

We have been fortunate in obtaining the volunteer services of a trained dietician to assist us in planning and ordering for the food program and to serve as a consultant with the cook and teaching staff.

A sample weekly menu is included to show the type of food the nursery school serves:

Monday, June 6: Chicken-Rice Soup, cream cheese & bacon sandwiches, celery & carrot sticks, coffee cake.

Tuesday, June 7: Roasted ham, sweet potatoes, spinach, fresh watermelon.

Wednesday, June 8: Vegetable chop suey with meat added, rice, Chinese noodles, apple crisp.

Thursday, June 9: Spaghetti with meat sauce, mixed salad, cantalope slices.

Friday, June 10: Fried flounder, potato chips, cooked beets, lettuce, rice pudding.

4. EDUCATION PROGRAM

The program at the Leonard Johnson Day Nursery School has during the past year attempted to give nursery school children an environment that could help them to realize their potential in the many areas of human development. Language, arts, science, concept development as well as a fostering of creative abilities have been part of this program. Care has been taken by the staff not to set goals or convey expectations that might be unrealistic in terms of the children's background; instead much thought has been given to understanding each individual child's present phase of development upon entering the school and set the stage in such a manner that each child could progress at his own pace.

Another one of our goals was to help children function successfully in a group, finding balance between spontaneous behavior and socially acceptable ways of dealing with other people.

The teachers of the Leonard Johnson Day Nursery School have been very successful in achieving the latter which is evidenced by the observations our many visitors make: "Everybody seems to know what they are doing and they are so relaxed with it." or "There is such a pleasant atmosphere in the classrooms." Indeed with the exception of some grossly disturbed children, most youngsters have learned to relate positively to the teachers and their own peers.

Achievements in other areas are also very evident. For instance, Mary, who at various times had been diagnosed retarded, possibly crippled and brain injured, lives temporarily in this area. The grandmother brought her to the Leonard Johnson Day Nursery School where it was found that her speech was very indistinct. She walked with a turned-in foot, not able to put her heel on the ground; her arm was twisted; she wore glasses because of the malfunctioning of one eye; and she did not know how to play with other children. Teachers, assistants, aides and volunteers alike made sure to give Mary a program under the guidance of the teacher that would make it possible for her to achieve in various ways. She was a physically pampered child but she has learned to dress herself, tie her shoes, and generally be quite self-sufficient. Where she seemed clumsy at the beginning, she has developed great skill in building intricate structures that represent "real" things. She is developing an ability to relate to other children, and her speech has greatly improved. There was a strong push on the part of the family to have Mary tested but the Nursery School case worker, who has worked with the family, was able to postpone this for some time for fear that Mary might be labeled prematurely. We are still hoping to put this off a bit longer, but the picture at the last physical examination was a totally different one from 8 months ago. The pediatrician stated that Mary might not need an eye operation as anticipated. She is able to put her heel down and only a minimal operation to stretch the tendom will be required at a later date. Mary, it developed, is quite a bright child, able to achieve in many areas. She has suffered a great deal of emotional deprivation in her family but appears now physically and emotionally stronger than had been thought possible. She is not one of our poor children but is part of the 15% of "privileged" children in the school and serves in this instance purely as an extreme example of the problems and achievements of the school.

Language

In more general terms, the child-centered environment of the school has made it possible for the children to greatly increase their vocabulary through varied language experiences. All children that either could not or would not speak are now able to communicate verbally.

Trips

The school has taken the children on many trips to widen their range of experiences and in many instances, to give depth to the science curriculum. They have among other trips gone to pet stores, to near-by parks, a farm, sleigh-riding, outdoor animal exhibits, dental clinic, and to watch the few remaining shad fishermen on the Hudson River bring in their catch. As the weather permits, more trips to nurseries or near-by stores are planned. During the month of July, as part of the summer program, all-day trips to zoos and/or state

parks with swimming facilities will be part of the activities once a week.

Science

There are science corners in every classroom containing growing plants, shells, rocks, etc. and the school has a number of pets such as a turtle, a rabbit, several gerbils, fish, a frog and a cat for the children to take care of, to watch, and to discuss. Cooking, planting and simple experiments, making play-dough and watching the weather are also part of the science curriculum.

5. VOLUNTEERS

Forty-seven volunteers have helped at the school in various capacities. All have worked at regularly scheduled intervals. Some serve in the classrooms, some as drivers, and others in the office. An instructional program for the volunteers has been conducted and individual talks between volunteer and teacher, or volunteer and educational director were used to help guide the workers in their approach to working with young children.

6. PARENT REPRESENTATION AND EDUCATION

The parent education program was started on a very informal basis. The first few meetings gave parents a chance to get to know each other and their child's teacher in an easy, almost social atmosphere. Children made dessert for their parents and over coffee and dessert, parents and teachers discussed with each other what nursery school meant to them, what parents expected, and in what ways they could be involved. Since the children had made the dessert, an easy way to discussing nutrition was provided and used during that time. At one such meeting, volunteers were asked to become members of the Nursery School Committee of the Social Service Federation in order to represent the parent organization on that committee. Thirty parents volunteered and the committee has made it a practice since to alternate day time and evening meetings to make it possible for all parents to come at one time or another. Two parents of this group, Mrs. Jesse Frasier and Mrs. Archie Lacey, have been elected to serve on the Board of the Social Service Federation, again as representatives to the governing body of the school.

At the Nursery School Committee meeting on Monday, May 2nd, 16 parents of the 30 volunteers came and took a very active part in the discussions of possible enlargement of the school. The parent representatives also formed a fund-raising committee to establish a source of money for items not covered in the budget or by the federal grant. Definite plans for the fund-raising event were formulated at that meeting.

There have been eminently successful parent organization meetings such as the pre-Christmas one. Parents were invited to come, and each made a Christmas present for their child from materials provided by the school. Each teacher made a model of a toy and all toys were made of scraps or objects obtained in the house. There were drums made of coffee cans, broom-stick horses, bean bags sewn from felt scraps, doll cradle from plastic clorox bottles, Indian headbands from leather scraps and feathers, smocks from fabric remnants and trucks and trains from lumber scraps. Every project could be finished in a maximum of one and one-half hours. Sewing machines and instructions were provided by the staff. Coffee and cookies were again available so that parents could take a break and talk to each other whenever they felt like it. Since each project was set up on a different table, the teacher who had designed the article was right there to give any help or advice needed. Several women who had obviously never used a sewing machine were encouraged to do so and were pleased with the rag doll or bean bags they made this way. The fathers became especially creative making covered wagons, diesel trucks and freight trains from scrap wood, furniture gliders for headlights and cup hooks and eyes to connect the trains. They became so involved in their projects that the last fathers finally finished at 11:30 p.m. and left highly satisfied. The success of this meeting can best be summed up by a note a mother sent the next day and which is attached here. The most interesting fact about this mother of nine is that the public school had classified her as one of the "unreachables".

A parent meeting in March was a more formal one. A play in which mothers performed was presented and a discussion period under leadership of a psychologist followed. The reaction of the parents is evident from the reviews submitted to the school from them for the school newsletter, also attached herewith. Of the 76 families in the school, 52 parents were present, 14 of them fathers.

The parent-teacher conferences were also well attended. Seventy-two of 76 parents had individual interviews with their child's teacher. Some were scheduled on Saturdays to make these meetings possible without the parent having to miss work.

8. SOCIAL SERVICES

The amount of children the school serves and the success of the case work done during the past year, would indicate the great need of such services. One case worker, now employed, is actually not sufficient to serve the parents of 88 children, and an additional part-time worker is needed to carry on and enlarge the scope of our operation in this area.

Early organization

The Casework Office of the Leonard Johnson Day Nursery School has grown and developed as the school has grown and developed in its efforts to meet and serve the needs of our community. It was felt that an intake interview with parents requesting day-care for their pre-school children should be handled by a professional caseworker, providing more meaningful information in terms of the needs to be served. Those initial interviews clearly revealed the fact that there were innumerable pre-school children in need of proper care. Very young children were exposed to inadequate and damaging care during the most tender and sensitive period in the development of the child's personality. For example: a blind elderly lady was taking care of as many as seven children from different mothers; a mother who had to work and could not even afford to pay a baby sitter left her children at the mercy of any kind neighbor; baby-sitters discontinued their services and children had as many as three or four baby sitters during periods as short as three or four months. Children who had been exposed to these conditions showed evidence of delayed, arrested, or thwarted emotional development. Most of the mothers, as they described their children to the caseworker, revealed evidence of a great variety of early emotional disturbances. Many of the children were still wetting; had speech difficulties, didn't know how to express themselves and communicate to others; didn't show a proper motor coordination for their age; showed varied degrees of anxiety and personality disorganization; had difficulties relating to other children and/or adults; were victims of fears; had undue difficulties when faced with a new situation or experience; displayed unusual aggressive behavior, etc.

With a good nursery experience as the essential service to be offered through the day care center, a different dimension in service had to be provided by the Casework Office. Its effectiveness is a combination of the caseworker's understanding and performance. This is fostered and enriched by a most responsive group of teachers who have been eager and willing to participate, learn and develop in their understanding of children and parents, and the use of themselves as responsible professionals.

Day care center

The Leonard Johnson Day Nursery School provides care to children from 8:00 a.m. to 5:30 p.m. when the last child leaves. It offers a full nursery school experience but is also a day care center. Most of our children spend more than six hours a day in the school. It is a full day for a young child, away from his mother. Because of this, it presents special adjustment problems to both child and mother. To meet and to deal with these problems, the school is more than a nursery school, it is a social agency. When a mother has to work and a very young child faces this early separation, an emotional problem is created. It provokes anxieties, feelings, emotions in both children and mothers that must be dealt with in a constructive fashion. It is at this point that the function of the professional caseworker comes into action.

The casework relationship

The casework relationship involves knowledge of personality and behavior. It involves a dynamic re-assessment of the caseworker's role. This knowledge is self-consciously used through a professional relationship directed at all times toward helping another human being to help himself. The caseworker is an effective third party who is used by people as a sounding board, as one who can help people to think out loud, one who helps them to re-examine their ideas and feelings, who helps them to make their own meaningful choices. It is based on the most basic respect of human dignity and the right of each individual to a decent, fruitful, resourceful life. A caseworker could only function in this capacity after professional training, development and emotional maturity and in constant and continuous learning and re-evaluation of the professional responsibilities.

As the teachers began reporting the difficulties of children in adjusting to the school, their inability to cope with the separation from the mother, their difficulty in coping with still another new situation (for the ones who had been going from baby-sitter to baby-sitter), the reaction of mothers to the school and to the teachers, the caseworker moved in to help parents and teachers to meet the challenge.

Work with parents

While helping children to adjust to the nursery experience and the long separation from home, parents have been reached when called upon to help to facilitate that adjustment. In the process, a casework relationship with parents has been developed. It has been used to help parents to understand their children. Reactions, responses, behavior of their children in the nursery school has been shared and discussed with them. Help has been offered to deepen their understanding of their child's needs, the problems they are facing, and how the school was trying to help. Parents were helped to be able to help meet those needs, work with those problems. A four year old child that steals could very well be saying to all of us he has a deep need for love not met. A confused, upset young mother can be helped to understand the meaning of such behavior and—more important—motivated to meet the need for that love and attention in spite of a full day's work schedule and the pressures of a one-parent family. The little boy who wants to grow to be a "mommy" is a sign of an unusual attachment to the mother and that mother can be helped to ease the relationship and permit her child to move ahead in his emotional development. A mother can be helped to cope with the disorganized

behavior of a child that she did not understand.

Through this relationship, parents have discovered that their own feelings, emotions and problems were part of the child's problems. A professional casework relationship developed. In other settings, this casework relationship might not have developed. The Nursery School offers an easier atmosphere, becomes more acceptable, and people have been reached and helped to start in an effort to help themselves to understand their problems, capacities, strengths and emotions. A diversity of methods and techniques have been used in terms of the ability to use help, individual capacity for growth and development within the context of cultural and social traditions and their way of life. Usual casework techniques, ways of communication were not always adequate for developing a relationship with many of the parents. The caseworker modified these by offering short, frequent contacts centered on basic factors related to the school and the child that helped to pave the way toward the professional relationship. Frequency and length of interviews were adjusted to the individual parents. Home calls have been used only when requested by the parents. Understanding of their children and themselves has been offered through a supportive approach where explanation, clarification and teaching have been introduced. Deeper understanding of problems, emotions and feelings have been offered as parents have moved to make use of the caseworker. People have been able to use such help as they have experienced the casework relationship and discovered for themselves that the caseworker does not judge, criticize or blame, or tell them how to run their lives and raise their children.

Special efforts are constantly made to reach those who have not responded.

Casework activity

Sixty-five families were served; of these:

Twenty-one families are receiving intensive attention.

Three families received intensive attention before the children were taken out of school.

Twelve families received casework services, but with less intensity.

Six families are receiving intensive care from other agencies of the community. Of this group, 4 needed intensive help at intake, admission of child to the school and preparation to establish or re-establish the professional relationship with the agency who was to serve them. The agencies involved are Family Counseling and the Bureau of Children's Services.

Twenty-three received limited services. Of this group, 8 need intensive service, but have not reacted to reach-out techniques. At the time this report is being prepared, one of the 8 families has shown a slight reaction toward the casework relationship.

Fourteen children and their families didn't receive casework services as no specific need was detected.

One hundred and fourteen intake interviews from May 19, 1965 to December 31, 1965.

Sixteen intake interviews so far for next Fall.

Two families seen at intake have received intensive attention after intake because of the seriousness of their problems. One is already receiving care by the Bureau of Children's Services; the other is still under the care of this Office; both involved poverty, mental illness with pre-school children.

Two hundred and two office interviews excluding intake.

Twenty-three home calls.

Twenty-eight office interviews with collaterals.

Forty-six telephone contacts with parents.

Thirty-nine telephone contacts with collaterals.

Five case conferences with other agencies.

Discussions and meetings with teachers and observation of children in rooms have not been recorded for accounting purposes. Short personal and telephone cases were not recorded for accounting purposes although used within the professional relationship.

9. EQUIPMENT AND SUPPLIES

The Federation purchased education equipment for 35 children to the amount of $1,318.00 from the former owners of the Day Nursery. Additional new equipment was purchased to open the School last fall for 88 children. During the year, replacement of cots, chairs, and playground equipment has been necessary and has far exceeded the original budget allotment.

If the Day Nursery had not received sizable contributions of cash from interested local organizations, the Day Nursery would have been forced to operate below adequate standards for a major portion of the year. The Junior League, Junior Women's Club, and Selected Ladies of Englewood (a service club of older Negro women from the target area) were three local organizations who responded to this serious emergency.

Office and kitchen equipment have been contributed during the year. New kitchen equipment included a freezer, replacement of a dishwasher, and replacement of a stove. Office furniture has been contributed and newly purchased. All office machines are new.

At present, we do not anticipate major equipment expenditures for the coming year. However, we know that replacements will continue to be needed in all departments.

SUMMARY

Since the establishment of the Leonard Johnson Day Nursery School, the community has become increasingly aware of the services of the school and the quality of these services. Many parents who would not be reached last year or who took an attitude of "wait and see" are now applying for a place for their children. The demand and the need for day care services in this area exceeds by far the facilities available. The school stopped taking names when the waiting list reached one hundred forty names. Since sixty-two parents have applied to have their child in the school again next year, either on a full day or after kindergarten basis, and ten siblings have been assured preferential admittance, only sixteen new places can be filled if all the previous children are accepted.

Volunteer and aide programs have progressed satisfactorily, but a more intense program is planned for the next year when the addition of an administrative assistant will free the educational director from some jobs unrelated to the actual program.

The aim of the nursery school staff has been to strengthen children emotionally, to help them to become increasingly more independent physically and to make it possible for each child to move forward in acquiring the skills necessary for school as well as for everyday life.

The evaluations of the children's progress by the staff and the on-going interviews between parents and caseworker show clearly that the individual attention children have received has helped them to progress in many areas. A follow-up with the public schools is planned for the children that will go to kindergarten in the fall.

The parents of all children that reached the age of four during the past year have reapplied for another year and in order to keep the established contact with the families, siblings have been accepted first to fill any vacancies. Caseworker and staff alike felt it was most important to build further on this contact and trust that has evolved. Parents not only come for frequent guidance but also feel free to give their own suggestions in matters pertaining to the school. They make their needs known and are involved enough in the school to attend "fixing days" aside from regular meetings. Mothers, and particularly fathers, have built equipment, fixed broken chairs and tables, and have painted whatever was necessary.

The school has become a living part of the community and the increasing interest and awareness of the program is clearly shown through the active participation and the many requests for services from the most needy people in the community.

ALTERNATIVES TO CURRENT COURSE IN SOUTHEAST ASIA

Mr. DEL CLAWSON. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. GOODELL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GOODELL. Mr. Speaker, the scholarly white paper prepared by the House Republican Conference entitled "The United States and the War in Vietnam" has attracted considerable attention in the country. It was made a part of the CONGRESSIONAL RECORD at page 23309 on September 20, 1966.

As a historical document dealing with events leading up to the present, it does not seek to outline future policy.

As an example of the interest generated in the academic world, I am pleased to insert at this point in the RECORD a communication from Prof. David M. Leach, the highly respected chairman of the department of history and political science at Alfred University, Alfred, N.Y. I am proud to say that Professor Leach is a resident of my congressional district and that Alfred University is also part of that district.

Professor Leach raises the question of alternatives to current policy. In addition to his letter, I enclose a copy of my reply together with an enclosure:

ALFRED UNIVERSITY,
Alfred, N.Y., September 20, 1966.

Representative CHARLES GOODELL,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN GOODELL: The New York *Times* account of the statement released over the signatures of Representatives FORD, LAIRD and yourself is extremely disheartening. Whatever the wise course in Southeast Asia may be, it would certainly seem that you have neither suggested any feasible alternative to current policy nor made any constructive contribution to the current national debate. Instead, if one can trust Benjamin Welles account, you have rather confused the issue by suggesting by implication that there is some way to end the war "more speedily and at a smaller cost" while "safeguarding the independence and freedom of South Vietnam." Considering the gravity of the issue involved, what is one to make of such a statement? To suggest that there is some cheap way to resolve the tragic conflict in Vietnam is a cruel hoax, a fact of which I am sure that you and your colleagues are well aware. Hitherto the Republicans in Congress have shown exemplary restraint and responsibility in avoiding the temptation to exploit the Vietnamese affair for partisan advantage. It is unfortunate that the House leadership has seen fit to depart from that policy.

If the Welles account misrepresents your statement and I have been unduly hasty in

my criticism, I apologize for that. In any event, I would appreciate a copy of the statement in question so that I may draw my own conclusions. I would be very interested in any statement you may wish to make concerning our Asian policy, and, in particular, am interested to know what of any alternative to current policy that you may be prepared to support.

Sincerely yours,

DAVID M. LEACH,
Chairman, Department of History and Political Science.

SEPTEMBER 29, 1966.

Prof. DAVID M. LEACH,
Chairman, Department of History and Political Science,
Alfred University,
Alfred, N.Y.

DEAR PROFESSOR LEACH: Thank you for your letter of September 20 expressing your views on newspaper accounts of the contents of our recent white paper on Vietnam. I am happy to send you a copy of this document so that you may draw your own conclusions.

As you are aware, a white paper, by definition, is designed to provide the historical background of an existing situation and not to prescribe future policy. The State Department has issued two white papers on Vietnam, neither of which deals with future policy. Although the State Department papers have been citicized in some quarters as inaccurate or misleading, no critic, to the best of my knowledge, condemned them on the ground that they did not look into the future.

It is quite legitimate for a political party to recount past events and to appraise critically the policy of the past. Historians do this sort of thing all the time.

I suggest, therefore, that the white paper be judged for what it professes to be. Is it an accurate statement, though necessarily a summary one, of the development of American policy toward Vietnam? Does it make a persuasive case for its conclusions that the Administration has expressed its objective in confused and contradictory terms? Does it demonstrate that the Administration has been less than candid with the public about the military situation in Vietnam, the mission of American troops, war costs, casualties, and peace feelers? Does it demonstrate that past policy encouraged miscalculation by the enemy in Vietnam?

If you grant that there is some validity to this criticism of Administration policy, should the opposition party remain silent about the Administration's past errors? I feel that it is the responsibility of the Minority Party to point out the deficiencies of past policy and to ask the public whether it wants to rely on those who have made these mistakes to guide this nation in the future.

If you contend that this review of the past should be supplemented by a Republican statement of steps which the United States ought to take in the future to deal with the problems of Vietnam, I would not quarrel with you. I do not, however, consider this an argument against issuing a review of past actions.

The Administration made it necessary for Republicans to issue a document of this kind. Administration spokesmen from the President on down have consistently sought to blame the Eisenhower Administration for the present American military involvement in Vietnam. In this connection I enclose a copy of remarks made by my colleague, MELVIN R. LAIRD of Wisconsin, in response to one such Administration effort. When the Administration distorts history, it is the responsibility of the Minority Party to set the record straight.

Sincerely yours,

CHARLES E. GOODELL,
Member of Congress.

EXCERPTS FROM STATEMENT OF REPRESENTATIVE MELVIN R. LAIRD, REPUBLICAN, OF WISCONSIN, DURING DEBATE ON DEFENSE SUPPLEMENTAL APPROPRIATION BILL FOR 1966

Mr. Speaker, on March 4, 1966, the Department of State issued through the Office of its Legal Adviser an important document entitled, "The Legality of United States Participation in the Defense of Viet Nam."

The document was prepared to combat the persistent criticism from certain Democratic Members of the Congress that this nation is acting illegally in using American military power in Vietnam.

With the major thesis of this document, I have no quarrel. A compelling case for the right of the United States under international law to use its military forces to assist in the defense of South Vietnam against aggression can certainly be made.

I am grieved, however, to find that the State Department chose to distort history in this publication when it came to explain the commitments which have resulted in the involvement of the United States in the war in Vietnam. The distortion is of two kinds: First, the document ignores completely some highly relevant facts. Secondly, it misleads by failing to analyze fully the declarations which it cites, sometimes conveying thereby a false impression of their import.

In summary, this document argues that the present military involvement of the nation in Vietnam was made necessary by pledges made by President Eisenhower and President Kennedy. It does not cite a single utterance by President Johnson. It suggests that the present Administration had nothing at all to do with any commitment to Vietnam.

This document contains a section of six pages, headed, "The United States Has Undertaken Commitments To Assist South Vietnam In Defending Itself Against Communist Aggression From The North." The evidence which it then presents to prove the existence of the commitment of the Eisenhower Administration is the following: the statements of President Eisenhower at the end of the Geneva Conference of 1954, the SEATO Treaty, the assistance given by the United States to South Vietnam after the Geneva Conference, and a joint communique issued by Eisenhower and Diem on May 11, 1957. This is followed by a citation of two statements made by President Kennedy on August 2, 1961 and December 14, 1961.

Then, abruptly, the State Department's history of the commitment of the United States to South Vietnam ends.

Equally strange is the section of this document captioned, "Actions by the United States and South Vietnam are Justified under the Geneva Accords of 1954." The actions of the United States which are described in this section are the supply of "considerable military equipment and supplies from the United States . . . prior to late 1961" and the establishment of an American Military Assistance Advisory Group of "slightly less than 900 men" in Saigon. Further the document relates, ". . . the United States found it necessary in late 1961 to increase substantially the numbers of our military personnel and the amounts and kinds of equipment introduced . . . into South Vietnam."

And there, abruptly, the State Department ends its account of the military action of the United States in South Vietnam.

If some future catastrophe were to destroy every written record of the relations of the United States and Vietnam during the 1950's and 1960's except the State Department's publication, "The Legality of United States Participation in the Defense of Viet Nam," the historian who tried to reconstruct the facts from this document would write something like this:

"Two Presidents of the United States—Presidents Eisenhower and Kennedy—involved their nation in a war to defend South Vietnam against aggression from North Vietnam. Their pledges of support to South Vietnam led to the sending of military supplies, to the despatch of 900 military advisers, and in 1961 to the commitment of substantial numbers of American troops.

"This conflict may have been going on in Vietnam as late as 1966 under another President of the United States whose name is not recorded. In that year the Department of State issued a document upholding the legality of the actions of Presidents Eisenhower and Kennedy."

Mr. Speaker, this manipulation of history should give us all deep concern. When our Department of State releases a report of this kind, I fear we are closer to 1984 than the calendar indicates. This is the kind of propaganda that makes it difficult for the Administration to establish its credibility. This is playing politics with Vietnam.

NO COMMITMENT OF COMBAT TROOPS UNDER EISENHOWER

If the State Department document of March 4 were the only instance of distortion of history on the part of the Administration in explaining why American troops are fighting in Vietnam, it might be forgotten. But time after time, Administration spokesmen, including the President, have sought to make it appear that the steps taken since November of 1963 were forced upon it by commitments of earlier Administrations.

More recently, the Administration has deemphasized the Eisenhower letter to Diem and has argued that the present military involvement in Vietnam results from the Southeast Asia Collective Defense Treaty signed at Manila on September 8, 1954.

This Treaty was not a commitment to send American troops to fight in Southeast Asia. It carefully avoided the kind of automatic response to aggression embodied in the NATO agreement, summarized in the principle, "An attack upon one is an attack upon all."

Section 1 of Article IV of the SEATO Agreement reads:

"1. Each Party recognizes that aggression by means of armed attack in the treaty area against any of the Parties or against any State or territory which the Parties by unanimous agreement may hereafter designate, would endanger its own peace and safety, and agrees that it will in that event act to meet the common danger in accordance with its constitutional processes. Measures taken under this paragraph shall be immediately reported to the Security Council of the United Nations."

Secretary Dulles, testifying before the Senate Foreign Relations Committee on the SEATO Treaty, declared, "The agreement of each of the parties to act to meet the common danger 'in accordance with its constitutional processes' leaves to the judgment of each country the type of action to be taken in the even an armed attack occurs."

Further, Mr. Dulles said, the treaty "does not attempt to get into the difficult question as to precisely how we act . . . ."

On the floor of the Senate in the debate on ratification of the SEATO agreement, on February 1, 1955, Senator SMITH of New Jersey clearly explained the nature of the commitment in these words, "Some of the participants came to Manila with the intention of establishing an organization modeled on the lines of the North Atlantic Treaty arrangements. That would have been a compulsory arrangement for our military participation in case of any attack. Such an organization might have required the commitment of American ground forces to the Asian mainland. We carefully avoided any possible implication regarding an arrangement of that kind.

"We have no purpose of following any such policy as that of having our forces involved in a ground war.

"Under this treaty, each party recognizes that an armed attack on any country within the treaty area would endanger its own peace and safety. Each party, therefore, agrees to act to meet the common danger in accordance with its constitutional processes. That means, by implication, that if any such emergency as is contemplated by the treaty should arise in that area it will be brought before the Congress by the President and the administration, and will be considered under our constitutional processes. We are not committed to the principle of NATO, namely, that an attack on one is an attack on all, calling for immediate military action without further consideration by Congress.

"For ourselves, the arrangement means that we will have avoided the impracticable overcommitment which would have been involved if we attempted to place American ground forces around the perimeter of the area of potential Chinese ingress into southeast Asia. Nothing in this treaty calls for the use of American ground forces in that fashion."

One academic authority, W. McMahon Ball, has written, "The treaty does not oblige the United States either legally or morally to take any course in Southeast Asia than the course it might be expected to take if the treaty did not exist."

Article IV of the Southeast Asia Collective Defense Treaty clearly reserves to each signatory the right to determine the nature of its response to armed aggression and does not commit in advance any signatory to use its armed forces to deal with the aggressor.

Recognizing this fact, the Kennedy administration did not use American forces to repel Communist aggression in Laos.

The legal commitment of the United States to South Vietnam was the same as its commitment to Laos. Both of these countries of southeast Asia were brought under the protection of SEATO.

Lyndon Johnson as Vice President made it clear in 1961 that the United States had not up to that time committed itself to an obligation that would require employment of its military forces. In a memorandum to President Kennedy dated May 23, 1961, right after his return from a tour of Asia, Johnson wrote: "The fundamental decision required of the United States—and time is of the greatest importance—is whether we are to attempt to meet the challenge of Communist expansion now in southeast Asia by a major effort in support of the forces of freedom in the area or throw in the towel. This decision must be made in a full realization of the very heavy and continuing costs involved in terms of money, of effort, and of U.S. prestige. It must be made with the knowledge that at some point we may be faced with the further decision of whether we commit major U.S. forces to the area or cut our losses and withdraw should our efforts fail. We must remain master of this decision."

Finally, General Maxwell Taylor in testimony before the Senate Foreign Relations Committee on February 17, 1966, demolished the argument that there was any commitment to employ American troops in combat under the Eisenhower Administration in the following exchange with Senator BOURKE HICKENLOOPER of Iowa:

"Senator HICKENLOOPER. . . . Now, up until the end of the Eisenhower administration, we had only about 750 military personnel in South Vietnam, did we not?

"General TAYLOR. It was very small, something like that.

"Senator HICKENLOOPER. I think that is within 25 or 30 of the number, either way, and they were entirely devoted to giving technical advice on training to the South Vietnamese troops.

"General TAYLOR. That is correct.

"Senator HICKENLOOPER. To your knowledge, did we have any commitment or agreement with the South Vietnamese up to that time that we would put in action field military forces to conduct a war along with them?

"General Taylor: No, sir. *Very clearly we made no such commitment. We didn't want such a commitment. This was the last thing we had in mind.*

"Senator HICKENLOOPER: When was the commitment made for us to actively participate in the military operations of the war as American personnel?

"General Taylor: We, insofar as the use of our combat ground forces are concerned, that took place, of course, only in the spring of 1965.

"In the air, we had been participating more actively over 2 or 3 years."

When President Eisenhower left the White House, there were no American troops in South Vietnam. There were only approximately 700 military advisers. When President Eisenhower left the White House, there was no commitment to send American troops to South Vietnam.

Under President Kennedy, the first American combat casualties occurred in December 1961. Although President Kennedy increased the number of U.S. military personnel in Vietnam to 17,000, the American forces were there primarily to advise, not to fight.

The New York *Times* of August 19, 1965, correctly stated the case when it said, "The shift from military assistance and combat advice to direct participation by American troops in the Vietnamese war has . . . been a unilateral American decision . . . by President Johnson."

THE HONOLULU COMMITMENT

I find it unbelievable that a State Department document dated March 4, 1966, purporting to explain the commitment of this nation in South Vietnam could avoid mention of the Honolulu Declaration of February 8, 1966 For Part IV of that Declaration is entitled, "The Common Commitment." It reads:

"The President of the United States and the Chief of State and Prime Minister of the Republic of Vietnam are thus pledged again:

"To defense against aggression,

"To the work of social revolution,

"To the goal of free self-government,

"To the attack on hunger, ignorance, and disease,

"And to the unending quest for peace."

These are important and weighty commitments. Yet they go unreported in the State Department's survey of the commitment of the government of the United States to South Vietnam.

Mr. Speaker, I do not mean here to be critical of the actions of the President with relation to Vietnam. I simply plead that, when the Administration undertakes to defend itself against critics in the President's party, it present the facts and all the facts. Let the Administration acknowledge its decisions as its own and justify its actions on their merits.

STATEMENT OF PERSONAL FINANCIAL CONDITION

Mr. KASTENMEIER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KASTENMEIER. Mr. Speaker, following a practice adopted in 1963 and repeated in 1964 and 1965, I am placing in the RECORD today my annual statement of personal financial condition. In so doing, I would like to reiterate briefly comments made in the past in the House and in reports to constituents of Wisconsin's Second Congressional District. Members of Congress and holders of high elective office in general ought to make public disclosures as a matter of course. I would hope that ultimately both bodies of Congress would adopt a standing rule providing a periodic report of outside interests and income. Only in such a way will conflict-of-interest questions be best satisfied.

I would further hope that the 90th Congress will take up the question of a disclosure rule as one of the first items of business.

Mr. Speaker, my personal statement follows hereunder:

Robert W. Kastenmeier, statement of financial condition, Sept. 30, 1966

Cash on account with the Sergeant at Arms bank, House of Representatives	$208.26
Securities	None
Residential real estate:	
House, Arlington, Va.: Purchase price	28,000.00
Less mortgage	17,708.60
Equity	10,281.40
Lot (cost less unsecured notes applied against purchase price)	12,700.00
Household goods and miscellaneous personality	4,200.00
Miscellaneous assets: Deposits with U.S. civil service retirement fund through Sept. 30, 1966, available only in accordance with applicable laws and regulations	14,053.55
Cash surrender value of life insurance policies:	
On the life of Robert W	None
On the life of Dorothy C	544.00
Total	544.00
Automobiles:	
1963 Oldsmobile	1,500.00
1965 Chevrolet	1,600.00
Total	3,100.00
Total assets	45,097.21
Liabilities	None
Income for calendar year 1965 excluding congressional salary and expenses: speaking honorariums	300.00

THE FIGHT AGAINST JET NOISE

The SPEAKER pro tempore. Under special order of the House, the gentleman from New York [Mr. WYDLER] is recognized for 15 minutes.

Mr. WYDLER. Mr. Speaker, the horrible damage of unabated and unrelenting jet aircraft noise cannot be fully understood by those citizens living outside the "jet alleys" of our Nation. To these people not oppressed by the harsh and shrill reality of aircraft noise, the problem seems purely academic or a mere annoyance. For this reason, it has been difficult to secure support for Federal programs specifically designed to alleviate the problem. Only recently has the administration acknowledged its responsibility. It has given lipservice at last,

but so far has avoided action which is necessary.

Last fall, I held hearings on the aircraft noise problem at the Elmont Road School in Elmont, N.Y. At that time, I told the people in the western half of the Fabulous Fourth Congressional District that I would prepare and send to them a report on this hearing, and subsequent findings, and a summary of what I believe to be workable solutions. The situation in Washington relative to this problem has been fluid and constantly changing. The congressional session is about to end. Mr. Speaker, the body of my address today constitutes that report.

The hearings in Elmont brought forth many things we already knew, and exposed a few things we had only suspected. It was established that the chief source of aircraft noise was jet landings on runway 22L; that takeoff noise levels were measured and regulated by the New York Port Authority, but landing noise was not considered under the jurisdiction of the authority; and, that everybody is concerned about the problem, but—with few exceptions—looks to find a solution in the area of future technological advancement. Mr. Speaker, I emphatically disagree that relief must depend on more sophisticated technology and will explain in a few moments how it can be achieved under present conditions.

One of the new problems which is perhaps the most frightening was the revelation by Dr. Oscar Bakke, eastern regional director of the Federal Aviation Agency—FAA—that development of the C5A—our supergiant jet transport—is proceeding without any consideration of noise abatement and without any thought of satisfying the aircraft noise restrictions at Kennedy Airport.

It is inevitable that the monster aircraft of this prototype will use Kennedy Airport, yet planning continues in full knowledge that the first landing of this behemoth will greatly increase the aircraft noise generated. By refusing to act responsibly to correct this fearsome gap in the C5A program, the administration has been derelict in its duty. The lip-service it has paid to the cause of aircraft noise abatement in the past was merely covering up a cynical disregard for a problem which just could not command national publicity.

Mr. Speaker, if the administration is not challenged in its present policy, life will become a hell on earth beneath the roaring engines of these giant aircraft in my district's "jet alley." It is almost unbearable with conventional jet planes; too many people suffer already.

Education, health, and religious worship have been shattered in "jet alley." Those low-flying jets on landing approach to runway 22L at Kennedy Airport pass over the roofs of more than 40 schools, thousands of homes, and scores of houses of worship. It has been estimated that $874,824 in man-hours were lost in the schools along "jet alley" last year.

The injury to health caused by jet noise is the most convincing argument for immediate and drastic action. When a man is in good health, the noise of low-flying aircraft stops the normal activities of living. But when a sick man is involved, aircraft noise can impede recovery and cause aggravation of the problem.

Since taking up the cudgels for those in the path of runway 22L, I have received many unsolicited letters from well-respected physicians telling of the physical injury inflicted by the scream of jet aircraft. Dr. Benjamin Esterman, former president of the medical board at St. Joseph's Hospital in Far Rockaway and director of eye surgery, wrote to me soon after the Elmont hearings last fall. He complained:

> The effect of the jet noise on patients has at times been almost beyond belief and needs to be experienced to be appreciated . . . Sick patients are terribly disturbed, convalescence and recovery are impeded by the frequent roar and screech of the motors and by the impossibility of getting uninterrupted sleep . . . In the pediatric department, small children wake up screaming from the sudden light and fearful noise.

In 1963, St. Joseph's Hospital was visited by representatives of the airline industry, who responded to the staff's complaints by expressing skepticism that the conditions could be as bad as were described, particularly since no records were kept of specific disturbances. For a short time afterward, records were kept of the patients' complaints. Within a few days, there were 81 complaints.

Commerce and normal communication are constantly disrupted by aircraft noise. According to studies by the Stanford Research Institute, during takeoff flight operations for a 707-120 jet aircraft, indoor conversation would be interrupted to the extent that 37.5 words would be masked—all along the path of the plane. Landing operations, when the engines are gunned and the aircraft swoops in low for a long gradual descent, would presumably cause even greater disruption.

In France last summer, a laborer began legal proceedings against the French Army for physical injuries caused by aircraft noise. Emile Vecereau is still awaiting satisfaction, his health shattered. This is not atypical, Mr. Speaker, and serves to illustrate the scope of the problem.

It is not confined to isolated far-flung examples, either. On Tuesday, September 28, 1965, a roadworker was crushed to death by a 16-ton steamroller at a construction site at Kennedy Airport. Quintas Prudencio was spreading stone on the bed of a road which had just been oiled when he walked backwards into the roller. The report to the Workmen's Compensation Board noted that "jet noise was intense at the time." The workman could not hear the machine coming at him because of the deafening screech of aircraft. The same problem exists for children playing in the street who cannot hear approaching automobiles.

Such is the problem, in an abbreviated form. The tragedy of the aircraft noise melodrama is, however, the buckpassing which seems to be part and parcel of running a Federal agency.

The New York Port Authority maintains it has a right to regulate aircraft noise on takeoff procedures because the plane is on port authority property—that is, the airport. However, the port authority says once the plane is airborne jurisdiction passes to the Federal Aviation Agency which has control over the aircraft until it sets down at another airport, at which time another local regulatory unit takes over control. For this reason, the port authority refuses to prescribe noise restrictions for landing operations. The FAA declines to set engine noise levels for landings, vaguely referring to the jurisdiction of the port authority, the difficulty in obtaining accurate measurements, emergency margins of safety, preferential runways, and structural limitations of aircraft.

Obviously, somebody is mistaken.

I have introduced legislation requiring the FAA to establish restrictions on aircraft noise during landing operations, and hope it will be speedily enacted by Congress. In my opinion, the port authority would be within its rights to impose noise limits on landings as well as takeoffs at Kennedy Airport. To clarify this impasse, I will request opinions from Louis J. Lefkowitz, New York State attorney general, and the U.S. Attorney General. The Port of New York Authority is an interstate compact, which was approved and chartered by the Congress upon the request of New York and New Jersey. These two opinions are, therefore, relevant to the question of the authority's jurisdiction.

As I mentioned earlier, Mr. Speaker, there is an opportunity for a swift end to this blight in the Fabulous Fourth. It is a solution which has the cautious endorsement of many leaders in the aircraft industry, and one which holds out the most encouraging promise of immediate relief. It is simply this: increase the angle of approach used in landing procedures. By making a steeper approach, the engine noise is kept farther from the ground for a longer period of time, in addition to less noise from the engines on account of power cutbacks to reduce speed.

This procedure requires a pilot of consummate skill, in addition to several new navigational devices not presently found in all commercial aircraft. Landing is the most critical phase of flight, and the time when the pilot is under the most pressure. However, automated control systems integrating the operation of the steering and navigational equipment would provide the assistance needed by the pilot. This precision is necessary for continued aircraft safety.

Marcus Aurelius, last of the great Roman Emperors, once said of world peace, "It is always almost within our grasp." Mr. Speaker, the same is true of the aircraft noise crisis: a solution is always almost within our grasp. With this idea of a steeper approach angle, we come closer to being free from the roar of the jets than we have ever been. It is a temporary cure, eliminating only the symptoms and not the cause of our affliction. But it is positive relief, and we must try to achieve it until technology catches up with our needs.

An emphatic endorsement of the steep approach concept was offered by Mr.

Franklin W. Kolk, assistant vice president of American Airlines for engineering and development, in a paper submitted to the Jet Aircraft Noise Panel, sponsored by the President's Office of Science and Technology. Mr. Kolk noted that the steeper approach could "considerably reduce" noise problems, and that a switchover would require "vastly more investment in navigational facilities, but this idea or some similar concept is potentially of great value." Mr. Kolk concluded by saying:

> A coordinated program for the development and implementation of steep fair-weather approaches is certainly a fruitful idea.

Advanced training for pilots and speedy development of the additional navigational equipment required for the steep approach seem indicated at this time. Private industry would seem in the best position to undertake this developmental program, with the assistance of the National Aeronautics and Space Administration—NASA.

For the purpose of spurring this concept on to realization, I am proposing to the President that he arrange an Aircraft Noise Technology Conference, to which can be invited representatives of the aircraft industry, the airline carriers, the Aviation Development Council, the Air Line Pilots Association, the Aerospace Industries Association, the Federal Aviation Agency, and NASA. Out of this conference, I hope to get a practical plan of action for industry and Government to work toward immediate use of the steep approach concept.

Mr. Speaker, this will clear up some of the symptoms, but the core of the disease has yet to be attacked. A crash program of noise suppression should be undertaken at once by NASA in order to provide permanent relief to the residents of our Nation's "jet alleys." I attempted to start such a crash program in the spring by offering an amendment to the NASA authorization bill, which would have set aside the necessary funds. My efforts were unsuccessful because the administration opposed it and had the votes. We would have had a good development program underway if I had succeeded. I will try again next year when I am sure I can obtain more votes from a new Congress.

Such a crash program has a chance of success not even suspected by most of those who voted against the Wydler amendment. The recent announcement by NASA of a study looking toward the development of a significantly quieter engine proves what I proposed was practical. The imminent appearance of giant jet aircraft, of which the commercial version of the C5A will be the forerunner, makes this program imperative and absolutely necessary. And yet, the administration takes no notice of this monster on the threshold, content with sophistical statements and half measures.

One solution to the problem which was contained in a report on the subject from the President's Office of Science and Technology was to condemn all private property surrounding land-bound air terminals to create "buffer zones" so that there would be a minimal number of complaints. I will resist the impulse to brand this a "cruel and unusual punishment," as is prohibited by the eighth amendment, but am compelled to mark it as a brutal negation of property rights and an ineffective "solution" to a problem which begins when the aircraft is flying at an altitude of 500 feet, 2 miles from touchdown.

The airlines can afford cooperative private development programs if the Government will take the lead and encourage—if need be, require—noise suppression. A crash development program by NASA is needed to coordinate and give a definite direction to the efforts of private industry.

The problem is nationwide and growing worse. Since the hearings at Elmont last fall, the situation has deteriorated through the increase in air traffic and the impending introduction of larger aircraft. I shall pursue the avenues of relief I have already described, Mr. Speaker, until either I convince the administration that they are wrong, or they persuade me that I am wrong. And, Mr. Speaker, it may be a flaw in my character, but I know that I am not wrong.

My district has suffered enough, and the people are tired. They are even tired of crying out for relief, concerned that no one is listening. I hope and pray, Mr. Speaker, that they will not have to wait much longer for the relief to which they are entitled.

NATIONAL 4-H CLUB WEEK

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Ohio [Mr. CLARENCE J. BROWN, JR.] is recognized for 5 minutes.

Mr. CLARENCE J. BROWN, JR. Mr. Speaker, this week we are celebrating National 4-H Club Week, and I would like to take this opportunity to pay tribute to the 4-H clubs across the Nation. As Representative of the Seventh Ohio District I would also like to honor Albert B. Graham, originator of the 4-H idea and native of Champaign County, Ohio.

From its beginnings in 1902 as the Boys' and Girls' Agricultural Club—with 30 members meeting in the basement of the Clark County Courthouse in Springfield in Ohio's Seventh District—the 4-H club has become a worldwide concept with about 8 million young people belonging to 4-H-type rural youth programs in 74 countries. Here in the United States there are 2¼ million members participating in 4-H clubs in all 50 States and Puerto Rico. Also, about one-half of the members in the U.S. clubs today are urban or nonfarm members.

The originator of the 4-H movement, Albert B. Graham, taught school in Champaign, Miami, Shelby, and Clark Counties in Ohio. Graham conceived the idea of agricultural clubs for boys and girls while teaching in Champaign County. He felt that "a more practical application of some of the high school studies, especially physical geography, physiology, and physics, and their use in the study of soils, soil formation, foods, clothing, ventilation, and the mechanics of farm implements" would be worthwhile for the students. Graham once admitted that—

> Not much was said to the board of education about this work; it was simply done by tolerance, but the idea began to spread among school men.

When he was superintendent of rural schools in Springfield Township in Clark County he formed the Boys' and Girls' Agricultural Club, the Nation's first 4-H club. In 1903 the club put on an exhibit at the Farmers' Institute at the courthouse in Springfield which was forerunner of the elaborate 4-H exhibits at the county fairs today.

Albert B. Graham devoted his life to agricultural work. After serving in various capacities in agricultural extension programs, Graham took charge, in 1916, of agricultural subject matter for the U.S. Department of Agriculture until his retirement in 1938. He died in 1960 at the age of 91.

It was my personal pleasure to know A. B. Graham in the later years of his life. He was retired in Columbus, Ohio, but he made a number of visits back to Champaign County where he had spent his youth as a teacher. When I knew him he was a very tall man with a great large head, bald, with the big hands and big feet of a farmer, a very keen sense of humor, and a twinkle in his eye that apparently stayed with him throughout his lifetime. Albert B. Graham then was a man who, though in physical appearance carried the weight of age, nevertheless continued to exude, even into his 90's, the spirit of youth and love of life and learning.

In a speech at the 1957 dedication ceremonies for the Graham High School in Champaign County, Ohio, which embraces the area where he taught and was named to honor him, Albert B. Graham advised the youngsters:

> Do something worthwhile with your lives. Devote yourself to people—to serving others—and live with people. That is what keeps you active at the top and gives you understanding. It also pays to do more than is expected of you. The easiest way through is usually the toughest way out.

Recalling early criticism for some of his educational ideas, Graham admonished the students that:

> If you don't get crucified for something, you probably aren't doing much.

The National 4-H Club was organized in 1930 when a number of clubs similar to the ones begun by Graham in Champaign County and Springfield were grouped together. The organization adopted the clover leaf as its symbol, the 4-H theme of head, heart, hand, and health, and the motto "To Make the Best Better."

In addition to U.S. programs, the National 4-H Club sponsors the International Farm Youth Exchange—IFY—a summer program under which farm youth live with farm families in other countries. This program is credited with having encouraged the spread of 4-H-type clubs around the world.

Today there is an active 4-H movement in Vietnam. Also, among the nations where rural youth clubs are prevalent are Brazil, El Salvador, England, India, the Philippines, Japan, and Korea.

We of the Seventh Ohio District are proud of Albert B. Graham and his contributions to agriculture and to the youth of the world. We salute the National 4–H Club, its members, and sponsors for many years of "making the best better." Also, we salute the 4–H leaders who make the programs possible and who follow in the inspiration of Albert B. Graham to help young people today, in the city as well as on the farm, to develop their own resources.

DR. TELLER CALLS FOR JOINT NATO WORK

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Illinois [Mr. FINDLEY] is recognized for 30 minutes.

Mr. FINDLEY. Mr. Speaker, the House Republican Committee on NATO and the Atlantic Community, of which I am chairman, has for some months been conducting a series of studies on the future of the Atlantic community.

The committee established a panel of 26 eminent scientists, scholars, and military experts, including some from allied NATO countries.

Today, I wish to draw your attention to an essay by Dr. Edward Teller, a professor of the University of California at Berkeley, and famous for his work in the development of the hydrogen bomb.

Here is Dr. Teller's statement:

MEMORANDUM ON NUCLEAR COOPERATION IN NATO

INTRODUCTION

In recent years NATO cooperation has been weakened. Generally, the policy of de Gaulle is blamed for this development. While this is justified, one must recognize a deeper reason.

It is felt, not only in France but in other European countries as well, that the past structure of NATO is no longer satisfactory. The European countries could take a more active part. By effectively excluding them from the nuclear preparedness program, they feel that a proper active participation has been ruled out.

The most painful facet of the situation is due to the fact that the most fateful decisions for the survival of every NATO country is in effect left to the sole discretion of the United States. It is true, and it is recognized by most reasonable people, that this situation is not due to arbitrary decisions of the United States, nor is it due to any ambition on the part of the United States. It is furthermore true and recognized that sufficiently radical change of the present situation is exceedingly hard to accomplish and cannot even be projected at the present time in a realistic manner.

Nevertheless, there are a certain number of topics which can be discussed at the present time and which may lead to the kind of program which will result in some progress. In this way present tensions could be relaxed and a situation could arise in which needed important developments could more hopefully proceed. The following comments will suggest such topics of lesser importance, but greater immediate feasibility.

CIVIL DEFENSE

The United States spends one- or two-tenths of a cent out of each defense dollar for civil defense. It has been argued, and it is my opinion, that civil defense ought to obtain much greater emphasis. In fact, I believe that today our defense position could be most decisively improved by making a greater effort in civil defense, even if this should mean a diversion of money from other defense enterprises into the creation of an appropriate civil defense structure.

It is of obvious interest to compare our position in civil defense with the position of other countries of the NATO Alliance. So far, the Norwegians, the Danes, and the Dutch have taken this problem seriously. Most recently, Germany has established an ambitious plan for civil defense. In this way Germany may well become the only major nation in the NATO Alliance which is developing its civil defense.

Recently I had conversations with several officials of the Ministry of Interior and a few officials of the Ministry of Defense. On the basis of these conversations, I can report the following facts:

The German Government is planning to spend DM 500 million per year on civil defense. The money so spent is considerably greater per capita of the population than the money spent in the United States. This money is party assigned to the support of building shelters and partly to the securing of continued transportation, communications, energy supply, food supply, and water, in case of war.

The annual amounts spent for civil defense will be considerably greater than the figure mentioned in the last paragraph. This is so because the most expensive part of the program is the building of shelters and the government will contribute a part of the cost of establishing shelters in the case of people whose income falls below a rather low amount. In case of other shelters, the government does not contribute and the private economy must bear the expenses. The only concession is that expense of shelters can be amortized in 10 years, rather than 30 or 50 years which are the standard periods in the normal functioning of the Germany economy. I have heard estimates to the effect that actual costs to the economy will be in the neighborhood of DM 3 billion per annum, but this figure I cannot verify.

On the legislative end, the final touches are being put now on laws requiring shelters protected against fallout, fire and damage by rubble or other fragments. (No protection against overpressure is required.) Such shelter spaces will have to be attached to every building that is started later than the summer of 1966. In addition, the law requires establishment of proper measures to maintain transportation, communications, energy sources, food and water, in case of war. The legislation also provides establishment of a civilian organization whose aim is to save lives in case of war. More stringent legislation regulating the behavior of civilians in case of war has, however, not been passed.

From the point of view of the NATO Alliance, these far-reaching laws may serve as a model to be followed, and also to be criticized by the other partners in the Alliance. I should first make a remark concerning the local political implications of this legislation.

The legislation was passed at the very end of the present session of the Bundestag at the time when the representatives were facing new elections. The bulk of the legislation was supported by both major parties. This indicates the belief that the Germans, who have by no means forgotten the enormous sufferings of the last war, are willing to take a realistic attitude toward future catastrophes and are in fact considering civil defense as an insurance against a future war.

A group of scientists have opposed civil defense. This opposition was best expressed by the testimony of C. F. von Weizsaecker. In part this opposition was based on hope of progressive relaxation of tensions between the Western powers and Soviet Russia. It should be pointed out, however, that this opposition was not as radical as similar movements in the United States and that von Weizsaecker has agreed to many of the measures that were enacted in the present legislation.

A relation between the civil defense program and the NATO Alliance was mentioned to me by some of the officials with whom I talked. In this opinion, civil defense will make it more probable that Germany can continue to function and to contribute to the Alliance even after it has been attacked. Therefore, the suggestion is made that the civil defense measures strengthen the NATO Alliance and that the money spent for civil defense should be recognized as a contribution by Germany to the common strength of the Western Alliance.

It would seem to me that the point is well taken. It would further appear that such recognition would help more firmly to establish a spirit of NATO cooperation in Germany. Furthermore, this same recognition may serve as a badly needed stimulus for other NATO partners to introduce appropriate measures for civil defense.

Apart from recognizing the German contribution, I believe that civil defense could well become one of the fields in which positive NATO collaboration could produce beneficial results. The fact that civil defense is not subject to any security regulations makes cooperation relatively easy. In many phases of civil defense mutual aid is required. One case in point is the warning system. In this connection I have in mind not only radar warning, but a system whereby information concerning actual attack can be transmitted within seconds in a reliable self-verifying manner. This should be carried out with top priority in the sense that information about attack should be put on any available means of communication no matter what other information raises a claim to these channels. In case of emergency, we should have prompt and reliable information of the damage done. The very fact that this information will be transferred without delay will increase the credibility that America will indeed act promptly when action is absolutely required.

In other fields cooperation in civil defense may be recommended because such cooperation is relatively easy and could pay considerable dividends. Thus, the Western Alliance is quite rich in food, though not every member of the Alliance has a food surplus. Therefore, the establishment of proper reserves of food can proceed more easily if pursued on a joint basis.

The fact that experience during the war and after the war concerning civil defense is widely different in different member nations is a further reason for cooperation. Thus the Germans have little experience about actual effects of nuclear explosives. On the other hand, they have vast experience on the effect of fire storms. One should remember that in Hiroshima more people were killed by the fire storm than by any other agency. Furthermore, the Germans have an important recent experience of quickly reconstructing their country after almost complete devastation. This experience is of value when one considers the methods by which the best recovery might be assured after a heavy attack. Finally, the present German legislation forces the Germans to undertake construction. During this activity they will undoubtedly commit many mistakes but also will find new and hopeful approaches. In this way all NATO nations, and in particular, the United States can obtain most valuable information.

Civil Defense, a field which is a phase in war least oriented toward the military spirit, might in fact become the first effective way in which realistic measures can be taken on a joint basis in NATO to avert the worst consequences of war, whether waged by conventional or nuclear means.

SPACE RESEARCH

On the face of it, space research is not closely connected with military defense. Actually, there are many phases of space research which are thoroughly non-military, and I do not intend to neglect the discussion of these. But connection with nuclear defense will appear at the end of this section.

The United States is spending $5 billion per year for space research (incidentally, this is almost 100 times what we spend for civil defense). It is my opinion that we are not getting full value for these 5 billion dollars because too few of our scientists give their full attention to this new and inspiring field.

The European community has a small independent space project. This project is not financed on the same scale as the USSR but is supported by good scientists and technical people.

I believe that thorough cooperation on space exploration would be popular in Europe. The Europeans would certainly not contribute a sum as great as $5 billion per annum, but we could expect a contribution which is not quite small compared to this amount. Furthermore, the European contribution in scientific and technical talent could turn out, in the course of time, to be decisive.

A conversation with Dr. Leo Brandt from Dusseldorf, who is deeply concerned with scientific and technical efforts in Westphalia, has given proof of the thorough interest of Germany in this topic.

Such cooperation would bring about as a by-product active contacts between scientific and technological personnel. Furthermore, it could result in a considerable advantage in the field of defense.

Today the whole topic of surveillance is handled with great caution and is considered by our side as an enterprise to be restricted to U.S. workers whose activities are carried out secretly. The result was that in the U-2 incident the Russians could attack the United States without attacking any other nation. They claimed without justification, but also without being effectively contradicted, that we were engaged in spying.

It seems to me that in the nuclear age surveillance is one of the foremost safeguards of continued peace. This doctrine has been clearly announced in the open skies policy which unfortunately has never been implemented. Since the Russians are not likely to agree to such a policy, it would seem to serve our advantage if the surveillance, as part of the space effort, could be carried out jointly by the NATO allies. This would have the following advantages:

1. In case of opposition by Russia, we would not have to stand alone.

2. The sharing of the technical effort would insure greater efficiency and would result in lesser expense.

3. The joint enterprise would give our allies a sense of participation.

4. Those of our allies who are closest to the Iron Curtain (the Germans, Danes, Norwegians and Italians) would have the greatest possible interest in having prompt information concerning any signs of danger. This last point became particularly clear to me in my recent discussions in Bonn, where anxiety was manifested that warning time on nuclear rockets might be, in Germany, as short as two minutes. Therefore, in this instance we could be of particularly great service to some of our allies.

MISSILE DEFENSE

In recent years the Russians have claimed to have developed a missile defense system. This claim is probably exaggerated. On the other hand, no technical claim of the Russians has yet turned out to be completely unfounded. In fact, we know that missile defense can well be at least partially effective in that it might save the lives of those who have found shelter before the effect of the explosive reaches them.

Missile defense is a field in which many technical problems have to be solved which are not directly related to nuclear explosives. It is also a field in which eventual success appears not to be feasible without the availability of a great number of sophisticated and small defensive nuclear explosives.

NATO-wide cooperation on missile defense would have the following advantages:

1. Our research in this field is probably less far along than research of the Russians. Technical aid from our NATO allies would be highly welcomed.

2. In case we did establish missile defenses either against the Russians or perhaps against the Chinese, we are practically forced to do the same thing for allies. In fact, defending ourselves and leaving our allies undefended would be the strongest possible psychological incentive to break up the Alliance. Since we must find a way for common usage, we might as well require that our allies help us in the development.

3. It is probably correct to say that missile defense is indeed possible against a small and unsophisticated attack like the one that the Chinese might mount in 5 or 10 years. The same remark holds probably not only for the Chinese, but also for the force de frappe. Work on defense is likely to convince many Frenchmen of the fact that the force de frappe is in fact useless.

4. It is not likely that our allies will be in a position during the next 20 years to develop a sufficient number of sophisticated defense weapons to establish a missile defense without our help. It is therefore in this particular field where we can be of maximum usefulness to them. This is particularly true because at the present time we are not fully exploiting our capabilities of producing nuclear material. The material which we could produce might become of decisive usefulness in defending the whole Alliance. It should be incidentally noted that expensive installations of radar and small defensive missiles could and should be financed by our allies. Only in the particular field where we have established cheap sources of nuclear material would our help become decisive and absolutely required.

In discussing missile defense, one might worry about the relation of such defense to nuclear proliferation. In fact, the defense would require wide distribution of nuclear explosives and would furthermore necessitate permission to fire these explosives as soon as an approaching missile is detected without asking permission from NATO headquarters or from Washington. On the other hand, it is established that the missiles could be bound to such electronic equipment which would guarantee that the explosion occurs at a harmless distance from the ground and that it actually takes place before leaving the territory of that country from which it was fired. Tampering with this electronic program would result in a signal in Washington and NATO headquarters and would furthermore harmlessly destroy the nuclear explosive. Thus we could completely insure that the defensive missiles will be in fact used for nothing but defense of each participating country.

SECRECY

Our present secrecy regulations have often irritated our allies. On the other hand, it is not clear that they have insured our superiority over the Soviet Union. In the fields in which secrecy prevails, very specifically including the field of nuclear explosives, we have no conclusive evidence that we are ahead of the Russians. In the potentially decisive field of missile defense, there is some reason to believe that the Russians are ahead of us. It is remarkable that there is one field in which we have an important and undisputed lead, and this is in the field of big electronic computers. This field is by no means unimportant in connection with warfare, but absence of secrecy seems to have resulted in the best performance by the United States.

My specific worry concerns the effect of secrecy on the NATO Alliance. In the nature of things, the main topic to be discussed in the Alliance is the prevention of war, the nature of war, and the appropriate preparations we must make. The subject of these discussions is, of course, highly distasteful for everyone concerned. No conclusion will be willingly accepted except possibly those that each person must accept due to his own careful considerations.

In this situation it is understandable that a U.S. suggestion based at least partly on secret and uncommunicated information will be viewed with deep disfavor. Everyone who is not sufficiently familiar with the reasoning that has led to the proposal will have to ask himself whether or not another way might be possible.

It would seem to me that we have little to lose and much to gain if we could discuss the over-all question of joint nuclear defense by establishing ground rules which will make it necessary for all participants, including ourselves, to disclose all secret information. I believe that this will contribute little to proliferation because the greatest difficulties in making nuclear explosives are of a detailed technical nature. Disclosure of secret information within the framework of NATO is not likely to speed independent nuclear efforts. On the other hand, it could be a great stimulant to joint nuclear planning which could take the place of independent nuclear efforts.

In any discussion, I would propose that joint work on civil defense, on space exploration, and on missile defense at the earliest possible date. Agreement on these points may give us a positive program which will help each of our allies and which will not contribute to the dangers of war by accident or by miscalculation. Furthermore, the mutual confidence that could be established by successful joint effort and by open discussion may show us the way in which the more difficult questions of joint nuclear decisions might be approached at some future date.

Mr. Speaker, our committee is indebted to the gentleman from California [Mr. HOSMER] for making an analysis of Dr. Teller's statement. The gentleman is ranking Republican on the Joint Atomic Energy Committee, and is eminently qualified in nuclear defense. I yield to Mr. HOSMER.

Mr. HOSMER. Mr. Speaker, Dr. Teller views with deep apprehension the disarray of the NATO alliance which, already sagging, most recently was dealt a body blow by the French. He correctly assesses the vital role NATO must play in not only the defense of Western Europe and America, but all Western civilization. He seeks means to repair the wreckage.

His thesis is that a start may be made through cooperation between alliance nations on passive civil defense, space research, and active missile defense. Dr. Teller also believes the secrecy safeguards surrounding nuclear weapons technique have become outmoded by a natural and inescapable proliferation of technology. He holds that maintaining them is an unnecessary obstruction to general cooperation amongst the Allies and specifically to collaboration on anti-missile defense. Although he did not cover the subject in his paper, Teller also

favors, as I do, fuller and more meaningful international cooperative efforts in other areas of basic scientific research, particularly in very expensive areas such as high-energy physics.

CIVIL DEFENSE

Dr. Teller relates that the Germans are spending around $125 million per year on passive civil defense. Due to Secretary McNamara's arbitrary method of bookkeeping, U.S. expenditures are difficult to determine. McNamara groups together expenditures for strategic deterrent forces and damage limitation (including surveillance, warning and control, manned interceptors, surface-to-air missiles, and antisatellite defense R. & D.) and civil defense. His March 8 testimony to the House Armed Services Committee listed a budget of $1.3 billion for "strategic defense forces," including an item of $100 million for civil defense. Whatever all this means, it is still apparent our civil defense program is rudimentary and, as Teller indicates, a fruitful field for alliance cooperation, particularly in the area of radar warning and the survivability of alliance post-attack communication systems.

Teller does not discuss the matter of costs involved in limiting U.S. casualties from a Soviet first strike, which McNamara's testimony specified as follows:

U.S. damage-limiting posture

Damage-limiting cost (billions):	*Expected casualties (millions)*
$23.9	130 to 135.
$25.8	110 to 115.
$44.9	80 to 95.
$52.5	50 to 80.

These McNamara estimates must be analyzed, but they do indicate a need to compare costs with objectives in assessing the value of civil defense aspects of the damage-limitations problem.

SPACE RESEARCH

There can be no argument with Teller's theses that the "moon monkey" ought to be shared by the backs of our allies rather than be allowed permanently to attach itself exclusively to our own.

MISSILE DEFENSE

The cost of this effort is included in the McNamara estimates above set forth. Teller urges the establishment of these defenses in his paper—a switch from his former position. He now believes the Soviets are proceeding with ABM defenses and a drastic switch in the strategic balance against us soon will result if we do not do likewise. The Johnson administration still clings to these theses: First, that the Soviets are not making ABM progress so we should not start a race, and second, without ABM nuclear war would be much more horrible, thus without it such war is less likely to occur.

SECRECY

Dr. Teller's views that nuclear weapons secrecy impedes alliance collaboration and that declassification would contribute little to nuclear weapons proliferation are probably correct. However, assuming we do have secrets the Russians do not know, it is likely they would soon discover them if we were to release this information alliancewide. With this knowledge Soviet scientists could be expected to devise more effective means to counter U.S. nuclear weapons. Therefore, this recommendation requires a most careful analysis. Our real problem in this area is to give our allies a practical understanding of the "limitations" of nuclear weapons to correct some serious allies overestimates of their "capabilities."

Mr. FINDLEY. Mr. Speaker, the other members of the committee are: Representatives ADAIR, of Indiana; CHAMBERLAIN, of Michigan; CLAUSEN, of California; CLEVELAND, of New Hampshire; ELLSWORTH, of Kansas; KEITH, of Massachusetts; MARTIN, of Alabama; MORTON, of Maryland; PIRNIE, of New York; QUIE, of Minnesota, and REID of New York.

I yield back the balance of my time.

SEGREGATED JUSTICE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from New York [Mr. RYAN], is recognized for 10 minutes.

Mr. RYAN. Mr. Speaker, on Tuesday the Department of Justice consented to the dismissal of the indictments against the men accused of the murder of the three courageous civil rights workers—James Chaney, Andrew Goodman, and Michael Schwerner—near Philadelphia, Miss., in June 1964. The indictments were invalid because the grand jury was drawn from a discriminatory jury panel—one from which Negroes were excluded.

I think that the record should note that the indictment would not have needed to be voided if the Attorney General had taken the action which 20 Members of the House recommended in a letter addressed to him on December 16, 1964.

In our letter we suggested that the Attorney General challenge the discriminatory jury roll, move that a new, nondiscriminatory jury roll be compiled, and present the evidence to a new grand jury drawn from the nondiscriminatory jury roll. The text of the letter follows:

DECEMBER 16, 1964.

Hon. NICHOLAS DE B. KATZENBACH,
Acting Attorney General,
Washington, D.C.

DEAR Mr. KATZENBACH: On December 10, U.S. Commissioner Esther Carter summarily and without precedent dismissed the government's charges against nineteen of those arraigned in connection with the slaying in June of Messrs. Chaney, Goodman and Schwerner. This action by a subordinate officer of a United States Court has stunned those in and out of Mississippi who look to the Federal Courts as an impartial forum for the maintenance and vindication of their Constitutionally guaranteed rights. It also clearly poses the threat of similar actions by an openly hostile Federal District Judge and a Grand Jury drawn from a discriminatory Jury Roll, with the result that indictments may not be returned in this crucial case.

If this Civil Rights case is thwarted by an unconscionable refusal to return indictments, the prestige of the Federal Courts and the prospects for compliance with the Civil Rights Laws will be in profound jeopardy. In order to avert this result, we urge that you take the following steps, which are undeniably within the powers of your office and virtually necessary in this crisis of law and order.

1. We ask you to appear before the Chief Judge of the U.S. Court of Appeals for the Fifth Circuit, moving that Court to exercise its established supervisory power over Courts within its Circuit by appointing an unbiased District Judge to take charge of the present case.

2. We ask you then to challenge the present Jury Roll in that District, insofar as it is discriminatory, and move that a new, nondiscriminatory, Jury Roll be compiled.

3. Finally, we ask that you move the District Court to convene a new Grand Jury, drawn from the Revised Jury Roll, to hear the United States' case in the matter of the murdered civil rights workers.

These steps, we feel, would maintain respect for the Federal Courts and hold out some promise of impartial Grand Jury action on the government's case. We hope you will give them serious consideration.

JOSEPH P. ADDABBO, THOMAS L. ASHLEY, JOHN BRADEMAS, GEORGE E. BROWN, PHILLIP BURTON, JEFFERY COHELAN, DON EDWARDS, DON FRASER, JACOB GILBERT, SEYMOUR HALPERN, AUGUSTUS HAWKINS, ROBERT W. KASTENMEIER, John Lindsay, ROBERT NIX, ADAM C. POWELL, HENRY C. REUSS, James Roosevelt, BENJAMIN ROSENTHAL, DON RUMSFELD, WILLIAM FITTS RYAN.

Mr. Speaker, when we heard from the Attorney General nearly a month later, on January 13, 1965, he said that "I cannot agree that the steps you advocate are appropriate." The text of his letter of January 13, 1965, follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C.

Hon. WILLIAM FITTS RYAN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN RYAN: I have read with interest your letter of December 16, 1964 urging that certain steps be taken in connection with the convening of a grand jury in the Southern District of Mississippi to consider the government's charges in connection with the slaying of Messrs. Chaney, Goodman and Schwerner.

I fully share your concern that discriminatory practices should not hinder the impartial application of justice in this or any other case. However, I cannot agree that the steps you advocate are appropriate.

Judge Harold Cox has recently ordered that the federal grand jury be reconvened on January 11, 1965 to consider the government's charges. The same grand jury, at its previous session, returned indictments against Sheriff Rainey, Deputy Price and others for violations of the civil rights statutes. I have every hope that this grand jury will consider fairly the evidence to be presented to it.

Sincerely,

NICHOLAS DEB. KATZENBACH,
Acting Attorney General.

Mr. Speaker, it is ironic that the first to benefit from the ruling in the Rabinowitz case, which said that verdicts by segregated juries are void, should be precisely those people who have fought the hardest to preserve segregated justice. Yet, perhaps the irony is especially appropriate if we are to argue that justice should be colorblind.

The lesson of the Justice Department's decision to consent to the dismissal is clear. Had a strong jury selection bill been enacted by Congress this year, such cases would have been avoided in the future. Now, as the New York Times has pointed out editorially, the names of James Chaney, Andrew Goodman, and

Michael Schwerner will "constitute a poignant reminder that Congress must not leave further civil rights legislation on the shelf."

It is, finally, a great tribute to those three young men that they should be twice martyrs.

The New York Times editorial "Fresh Proof," which appeared on September 29, follows:

[From the New York Times, Sept. 29, 1966]

FRESH PROOF

From Mississippi now comes fresh proof of the compelling need for enactment of the Civil Rights Bill which the Senate has shelved.

In the case of the seventeen men accused of killing the three young civil rights workers near Philadelphia, Miss., in 1964, the Justice Department has had to agree with the defense contention that the indictments are faulty and should be dismissed because the grand jury was drawn from a list that largely excluded Negroes. Another grand jury can be empaneled and fresh indictments sought, but this means another delay.

The first two titles of this year's Civil Rights Bill would have obviated such delays in the future by establishing uniform jury standards. Moreover, if the accused are found guilty under the obsolete 1870 conspiracy statute, the maximum sentence they could receive would be ten years. Another title of this year's bill would have broadened the scope of that statute and made the punishment fit the crime up to a maximum of life imprisonment.

This year's bill would not have applied *ex post facto* to this case; but the names of Michael Schwerner and Andrew Goodman and their Negro friend James Chaney constitute a poignant reminder that Congress must not leave further civil rights legislation on the shelf.

DIOCESE OF BROOKLYN MARKS POLISH MILLENNIUM

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. ROONEY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. ROONEY of New York. Mr. Speaker, last week the diocese of Brooklyn paid homage to the observance of Poland's millennium. His Excellency Bishop Wladyslaw Rubin, auxiliary to Stefan Cardinal Wyszinski, Primate of Poland, celebrated mass at St. James Pro-Cathedral in Brooklyn. His Excellency Archbishop Bryan McEntagart, of Brooklyn, delivered a moving sermon well befitting the occasion and Nowy Swiat, the Polish Morning World, printed this sermon in its issue of September 26. The sermon follows:

POLAND—GOD'S ARMY ON EARTH

This evening, in the Diocese of Brooklyn, we gather together with our Polish people, to commemorate the Millennium of Poland's conversion to Christianity, and her emergence from obscurity into the family of nations.

It was expected that our observance would be graced by the presence of His Eminence, Cardinal Wyszynski, the Primate of Poland. As you know, this privilege has been denied to us. Nevertheless, our celebration of this memorable event will be spiritually rewarding for us all.

From its earliest beginnings, the motto of Poland was God and Country. In looking back through the pages of history, we see how great a country can become while living in the City of Man, without for one moment forgetting about the City of God. The annals of Polish history are replete with instances of fulfilling special assignments entrusted to her by Divine Providence.

With the blood of her manhood, she defended and protected Western Christendom from the enemies of the Cross of Christ. She held back the Mongols and repeatedly repulsed the Turks until their final defeat in 1683 under the leadership of King Jan Sobieski. In our own memory, after her rebirth in World War I, we saw her stem the tide of Communism when she stopped the Bolsheviks from overrunning war-torn Europe.

It is no wonder, then, that she has merited the title of bulwark of Christendom. We might add another: God's army on earth.

Poland's love for freedom and liberty was instilled in the youth from the Mother's breast. When she herself lost her independence, her sons continued her struggle for freedom to the benefit of many nations. Even in our own United States, the names of Pulaski and Kosciuszko, and the sacrifices of her soldiers in World War II, will live in grateful memory forever.

Despite all these commitments on battlefields around the world, she yet fulfilled another task given her by Almighty God. She was ready to share her precious Faith with the pagan tribes about her. By preaching brotherhood and love, Poland succeeded, while the Teutonic Knights failed in their efforts to convert people with the sword. This was especially true of the Lithuanian nation.

Her contributions to the cause of freedom of the individual were among the first in Europe. With her patriotism never in question, she still welcomed to her bosom all the oppressed and persecuted in Europe.

Poland's love for the freedom of the individual still continues today. Conscious of her great struggle her own people are going through in Europe for the cause of freedom, we look to the staunch Polish people to be in the forefront of others, without difference or distinction concerning their national, ethnic or religious background.

In culture, and learning, Poland made notable contributions in the fields of science art, music and literature; and her universities were among the first founded in Europe.

With such involvement in the things of the City of Man, one would think that Poland's commitments to the City of God would have suffered, but it was not so. Poland's genius, and what made her so great, were her fidelity to God and His Law; and her deep love and devotion to the Mother of God. Her motto—God and country—is evidence of this. Her soldiers would go to battle singing the age-old hymn: Boga Rodzico, Marya. Mary was the subject of Poland's first literary efforts and her hymns, and her months of May and October have been, and still continue to be, observed with special devotions.

The great number of saints she has given to the Church indicate Poland's love for God; Saints Hedwig, Hyacinth, Stanislaus Bishop and Martyr, Stanislaus Kostka, John Cantius, Casimir—to name just a few. This love for God has endured through the centuries and calls forth our admiration and praise of the sacrifices made by clergy and people to retain their Faith. Well deserved, indeed, is the title given to Poland—faithful daughter of the church.

A country as great as this, a country which contributed so much to history, a country ever-faithful to God, a country with such a fervent devotion to the Mother of God, will not remain enslaved forever.

Just as from the Shrine of Our Lady of Czestochowa, the liberation of Poland in the 17th Century began from the almost helpless deluge of the Swedes, so, we now pray, that the National Observance of Poland's Millennium at the same Shrine despite all obstacles, will be the beginning of the liberation of Poland from what seems to be a hopeless bondage to her rightful place among the family of free nations.

Queen of Poland, pray for us!

Long live Poland!

THE CIA-LIKE SECRECY OF THE FEDERAL RESERVE

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. PATMAN. Mr. Speaker, at long last, the story of the CIA-like secrecy of our Federal Reserve System is reaching the American public.

The Philadelphia News and its reporter Don Maclean, are to be commended for telling this story to the 264,000 readers of their newspaper.

Referring to the tightly guarded secrets of the Federal Reserve, Mr. Maclean says:

It all seems rather strange in a free and open society.

Mr. Maclean is right. It is strange and dangerous for our monetary policies, which affect every last citizen in this country, to be carried on behind the locked doors of the Federal Reserve. Not even the President, and not even one Member of this Congress can pry these secrets loose. It is a shameful situation.

I place in the RECORD the article from the Philadelphia News and urge my colleagues to read it carefully:

FEDERAL RESERVE INTERESTS 2,000 SECRET KEEPERS

(By Don Maclean)

WASHINGTON.—All the years I've been covering this town I've been overlooking the best beat there is—the Federal Reserve Board. The reason this is a good, easy assignment is that it can't be covered. What the Federal Reserve Board does, when it does it, is secret.

The newest Federal Reserve Board records Congress has to work with are those of 1960. You see, according to the law, the Fed's records are not made available until they are six years old. Before that time Congress cannot see them. In fact, according to Rep. WRIGHT PATMAN (D-Tex.), not even the President can see them before then.

This is because the Federal Reserve Board, composed of 12 big bankers and seven government officials, sets interest rates. The theory is that advance knowledge of what the board is up to would allow unscrupulous men to make money in the market. Frankly, I think this is a reflection on Congress, not to mention the President.

But the Fed apparently feels that some 2,000 other people are far more trustworthy. Each of the bankers on the board represents the banks in his area of the country. He is allowed to tell them what he is doing. And then there are staff members—in the banks and on the board. Altogether, there are some 2,000 secret-keepers.

The remarkable thing is that, to my knowledge, no member of the Fed has ever broken bad. Even the Central Intelligence

Agency has bad agents who have blabbed to the press. But not the Federal Reserve Board.

However, the two agencies are alike in one respect. Neither has to account for the money it spends. The Federal Reserve Board can dispense up to $1.5 billion without mentioning it.

Exactly what it does with its budget is sort of a mystery, PATMAN says. The General Accounting Office, the watchdog of most other government agencies, is not allowed to snoop through the Federal Reserve's books.

Frankly, I had no idea that the Fed operated behind such a thick veil of secrecy. Although its operation is somewhat beyond my shallow financial knowledge, I always assumed that somebody understood it.

But now we learn that this is not the case. Congress and the President simply accept the Fed's interest rates and try to live with them—just as we all do when negotiating a loan at the bank. It all seems rather strange in a free and open society.

INVESTIGATION OF SERVICEMEN'S AUTO-BUYING FRAUD

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. PATMAN. Mr. Speaker, in recent days, many Members have forwarded to my office letters from servicemen constituents outlining a growing problem among our servicemen.

The letters tell of servicemen stationed overseas who paid for automobiles with the understanding that the vehicle would be delivered in the United States, but later found that the cars were not delivered and the overseas company which had taken the serviceman's money had closed its doors.

One of these automobile brokers has reportedly run out with funds belonging to servicemen that may go as high as a quarter of a million dollars. Another firm which offered low-cost new automobiles appears to be on the verge of following the same route. Several other smaller companies have previously walked off with large amounts of servicemen's money.

Many of these companies operate throughout the world advertising branches near most large overseas military installations. However, unbeknown to the serviceman, each branch office is a separate corporation. Thus, the company can close its doors at one so-called branch setup and the remaining branches can deny any corporate responsibility for the actions of the other offices.

Since these brokers do not stock any automobiles and, in many cases, operate out of a desk-and-chair arrangement, it is easy for them to walk out with servicemen's money. It is just as easy for them to change their name and start up in a different location. At least one of the car brokers who has walked off with servicemen's money has pursued the name change game.

Last week, the gentleman from Illinois, Congressman ANNUNZIO, a member of the Domestic Finance Subcommittee, wrote to the Department of Defense asking for a complete investigation of this situation, particularly since many of these firms are operating in Vietnam. The staff of the Banking and Currency Committee is working with the Defense Department in an attempt to prevent other servicemen from losing their money and searching for ways to return the funds to those servicemen who have already been bilked.

This is a serious problem and I can assure you I shall take every action in my power to make certain that the Department of Defense adequately protects our servicemen from such frauds.

CONGRESSIONAL PRESSURE TO USE MAIL SERVICE FOR POLITICS

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. CAMERON] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. CAMERON. Mr. Speaker, I have learned from very reliable sources that the Post Office Department, because of powerful pressure from some Members of Congress, is giving active and serious consideration to rescinding its national policy of not initiating new door delivery mail service. This development is particularly disturbing because of its timing. If the policy is reversed, I understand that it will be done prior to the election on November 8.

Mr. Speaker, I hope the Post Office Department and the administration will not cave in under congressional political pressure in this election year.

We are all aware that in recent months bills have been introduced by Members of both political parties which would, through the complete legislative process, amend title 39 of the United States Code to provide mail service on a door delivery basis for many postal patrons now receiving curbside service.

Until now there has been no committee action, nor is anything scheduled, so I am informed, on these bills. If action is to be taken, it should be through the regular legislative process—hearings, committee voting, a report, Rules Committee, and so forth. With adjournment anticipated in 2 or 3 weeks, it is highly unlikely that a bill will come from the Committee on Post Office and Civil Service during this session.

As I understand the situation, however, it is not unlikely that an effort may be made to attach a floor amendment to some unrelated bill, an amendment which would effectively rescind the Department's present policy regarding door delivery if such action is not taken by the Postmaster General.

While I can understand what motivates some Members to place pressure on the Department, I call upon Postmaster General O'Brien to remain firm and not permit Government money to be used in a blatant bid for votes. I hope he will toss this hot potato right back into the laps of the Members of this House.

Is it not ironic that there are among us many critics of the executive branch, critics who constantly harp and harangue about the alleged use of Federal agencies for political purposes, and now, here on Capitol Hill, look the other way when there is a move afoot to force a Department to do what most of us condemn? Where are the screams of outrage that accompanied the Department's summer employees scandal in 1965, a nonelection year?

There are among us, and I am included in this group, those who have for months attempted to get the Post Office Department to review its curbside policy and perhaps change it for the benefit and convenience of our constituents. Obviously we were unsuccessful and, at the conclusion of my remarks, I will include for the RECORD a copy of a letter which I received from the Department last June outlining its reasons for not reversing its policy.

I accepted these reasons as valid, particularly the cost factor involved when we should all be interested in holding down Government spending during this inflationary cycle in the midst of the Vietnam war.

The Department estimates that there are about 7 million homes receiving curbside mail, with about 3.3 million of them qualified for door delivery under criteria existing at the time the restrictive policy was invoked. It would cost nearly $43 million annually merely to convert existing curbside deliveries to door service.

This averages out to approximately $13 per household per year. The Department also estimates that each year about 1.5 million stops are added to its city delivery service, representing a cost increase each and every year of $20 million, if these new stops receive door delivery.

If the Department could not sustain or justify this cost increase in June, I submit that it is in a worse position to do so now—generally, because of the Nation's economic climate and, particularly, because of its political climate.

If some Members of the House want to do their political campaigning through the Post Office Department and its dedicated mailmen, let them come forth in this Chamber and do it in the public eye through floor amendment. I will not be a party to such an effort.

If the Committee on Post Office and Civil Service wants to take action on pending curbside legislation during this session, that is its prerogative and it is in keeping with established procedure. However, if such a bill came before the House this late in the session, and with the economic situation what it is, the measure would not have the support of California's 25th Congressional District.

Mr. Speaker, from expressions received, I am convinced that my constituents and communities are as concerned about curbside delivery as are the residents of any other district. But, I am also convinced that all citizens of California's 25th Congressional District join with me today in saying: "Hang firm, Mr. O'Brien, hang firm. Do not cave in."

POST OFFICE DEPARTMENT,
ASSISTANT POSTMASTER GENERAL,
BUREAU OF OPERATIONS,
Washington, D.C., June 27, 1966.

HON. RONALD BROOKS CAMERON,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: This is in reference to your letter of May 24 to Howard Cook, Assistant Executive Assistant to the Postmaster General, concerning the resolution of the City of Azusa opposing curbside delivery of mail.

Outlined below are the conditions and factors which necessitate the adoption of the Post Office Department's policy on city delivery service to curbline boxes.

Since May of 1963, we have had a nationwide policy of providing city delivery service on a curbside basis wherever practicable. This policy has been applicable to extensions of this service as well as the establishment of new service at offices not previously qualified because of their failure to meet statutory and postal regulation requirements. In areas currently receiving curbside delivery, conversions are not being made to the more costly door service. Service existing at the time this policy was adopted was not and is not affected.

This action was necessary in order to control and contain delivery service costs within reasonable limits and to permit the Department to meet the constantly increasing need for this service to rapidly developing areas throughout the country. A measurable indicator of this constantly increasing need is the fact that we add approximately 1.5 million stops per year to our city delivery service. Sound fiscal practices dictate that the most judicious use possible be made of available resources so as to provide adequate service to all qualified areas, while at the same time restricting the expenditure of funds to the lowest level obtainable. It is our considered judgment that the maximum use of curbside delivery permits us to do just this.

The cost factor of the delivery service is significant and must be thoroughly evaluated at all times. Its significance is highlighted by the amount of funds that would be required to provide door service in lieu of curb delivery. There are currently approximately 7 million homes that receive delivery of mail via curbside boxes. Of this 7 million, nearly 3.3 million qualify for door service under criteria in effect at the time this policy was adopted. The estimated cost of converting these 3.3 million curbside boxes to door service is $42.9 million annually. Neither the present nor the budget for Fiscal Year 1967 contains any funds programed for the conversion of these curbside boxes to door service.

The single most repeated objection to curbside delivery that the Department receives is the alleged adverse effect the erection of curbside boxes has on the aesthetic value of the property and the community. Contrary to a prevalent misconception, a traditional rural-type mailbox is not required in curbside delivery areas. An approved suburban box of contemporary design or any mail receptacle which is conveniently located at the curb and affords adequate protection for the mail may be used. These receptacles and their contents are protected by Federal law against depredation and damage. There is enclosed an illustration which shows a representative selection of attractive functional mail receptacles suitable for use that are available at various retail stores.

The Department is not unmindful of the objections made by patrons to the increased use being made of curbside boxes but it must be pointed out that this type of delivery has been an integral and accepted feature of our city delivery service for many years. In sections of the country where curbside delivery has been in effect for a considerable time, neither the post office, the customer, nor the local municipality has experienced any special problems which could be attributed to this type of delivery service. Local postmasters and regional officials cooperate with all concerned in an effort to resolve any questions and problems involving curbside delivery consistent with policy guidelines.

In summary, we would like to emphasize that the present policy does not in any way deny adequate delivery service to qualified areas. On the contrary, it does permit the Department to meet the increasing demand for delivery service within reasonable cost limitations.

I trust the above will satisfactorily explain the reason for our policy in this matter. In view of the above, I am confident you will understand why it is not possible to grant an exception to national policy on curbside delivery of mail. If you have any further questions, please do not hesitate to contact me.

With kindest personal regards, I am
Sincerely yours,

A. C. HAHN,
Deputy Assistant Postmaster General.

DEDICATION OF GLEN CANYON DAM AT PAGE, ARIZ.

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Arizona [Mr. UDALL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. UDALL. Mr. Speaker, a proud moment arrived for the people of my State and our neighbors of the Colorado River Basin last Thursday when the First Lady dedicated Glen Canyon Dam at Page, Ariz.

Her remarks succinctly captured the feelings we have in our part of the country for this latest great engineering achievement on the Colorado River whose benefits accrue for all the Nation.

The dedication serves to remind us of the vital role reclamation performs in water storage and power generation in this arid land. As Mrs. Johnson says:

Many hopes were born because of Glen Canyon. Many hopes will be fulfilled because of it.

A dam such as this one is a dramatic element in the whole story of water conservation.

Mrs. Johnson goes on to say.

In creating the Nation's newest and most beautiful body of water, Lake Powell, Glen Canyon Dam dramatically demonstrates that the works of man and the creation of nature can live in harmony. It reaffirms that multipurpose development provides the greatest good for all the people.

Now such places like Rainbow Bridge, Cathedral in the Desert, Hole in the Rock are no longer just dreams in people's minds but easily accessible scenic points to reach over the smooth clear blue waters of Lake Powell.

While thousands are enjoying this spectacular new vacation land in an area that was once one of the least traveled in all the country, the dams are working to contribute a resource that benefit the lives of all of us.

Mr. Speaker, it is this same exciting concept that has encouraged us from the Southwest to bring before Congress the Colorado River Basin project. While the dams would serve the needs of an entire region, the lakes would also afford more exhilarating and wholesome travel in presently inaccessible areas of incomparable beauty.

We were honored by the presence of the First Lady at Glen Canyon Dam and are grateful that she so eloquently pointed out "Man was here."

The full text of her remarks follows:

REMARKS OF MRS. LYNDON B. JOHNSON AT THE DEDICATION OF GLEN CANYON DAM, PAGE, ARIZ.

My husband's distinguished Secretary of the Interior, Stewart Udall, and his wife, Lee, have told me of Glen Canyon. Coming here today, I almost feel I am seeing its wonders for the second time.

This is a unique kind of country, and I don't have to tell you, it's *my* kind of country.

The beauty of the sculptured earth of the Colorado Plateau country is one that alters with the light and sky. Its coloring is luminous and delicate. It is found in chambers and arches and tapestried canyon walls. Its texture is ancient. It consists of eons of time laid bare—on stone pages or in the treasure troves of Indian myths and artifacts.

It is these attractions that are beckoning, and will beckon visitors from all over the world to the Southwest. There are alps in many places, and raging seacoasts, and sandy deserts. But there is only one sculptured earth of painted canyons, and that is here on the Colorado Plateau.

Two hours ago, I was in California, and I am impressed by the fact that this secluded and peaceful spot is within mere minutes of all the population centers of the Southwest—a magnet for tourists.

As our plane glided into this immense canyon landscape, I could see from afar the "plug" in the River, the place where Glen Canyon Dam stands, and now that I am close I can get a feeling for the vastness of what has been done here.

Those of you who have worked for months and years to bring this about must have a justifiable pride in your accomplishment. My hat is off to the men who figured the stresses and the strains, and who diverted the River during construction, and to all the rest of the dreamers and doers who brought this project, live—born, into its rocky cradle.

Glen Canyon is not just a Colorado dam. It belongs to the Nation. Many hopes were born because of Glen Canyon. Many hopes will be fulfilled because of it. Water is a vital commodity in the Southwest today. A dam such as this one is a dramatic element in the whole story of water conservation, and the story of water conservation is of increasing concern to every single American, no matter where he lives.

The hard core water and power benefits of this dam are well known. Its bonus is the heavenly blue lake that begins here and winds its way through Navajo country towards the labyrinth of the new Canyonlands National Park—created by Congress two years ago.

One cannot explore Lake Powell's 1800 miles of shoreline in a hurry, but the places invite exploration: places like Rainbow Bridge, Cathedral in the Desert, Hole in the Rock; canyons like Hidden, Driftwood, and Pickaxe, Dungeon, Forbidden, and Catfish.

As one who has been shown many a lovely prospect, I still could not have foreseen the drama and the winning beauty of Lake Powell.

I am sure you have seen, as I have, those disfigurements of rock or tree where someone with a huge ego and a tiny mind has splashed

with paint or gouged with a knife to let the world know that Kilroy or John Doe was here. As I look around at this incredibly beautiful and creative work—it occurs to me that this is a new kind of "writing on the walls"—a kind that says proudly and beautifully, "Man was here."

I was glad, too, when I came in, to see those trees up on the mesa in Page. I hope there will be more of them, for Page can be not only a pretty town blooming in the desert, but a leafy oasis.

All over the United States, towns and cities are giving new attention to ways of becoming more beautiful. A young town like Page need not battle old blight. It can write its own future, and the road to beauty should be an uncomplicated one.

In paying tribute to this striking engineering achievement today, and to this landscape, and the new town of Page, I would also like to pay tribute to the strong people who live in this land, and are its stewards. The ruggedness of your task has demanded that you all be conservationists, parceling out resources judiciously, enjoying, and not depleting them.

To me, the appealing genius of conservation is that it combines energetic feats of technology—like this dam—with the gentle humility that leaves some corners of nature alone—free of technology—to be a spiritual touchstone and recreation asset.

America is only beginning to discover the natural beauty that is here. Our country is entering a new era of wise water conservation.

I am proud to dedicate such a significant and beautiful man-made resource. I am proud that "Man is here."

THE NEIGHBORHOOD YOUTH CORPS

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Maine [Mr. HATHAWAY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HATHAWAY. Mr. Speaker, I would like to include at this point in the RECORD a letter which I received on the Neighborhood Youth Corps which I think will be of interest to the membership:

MY DEAR CONGRESSMAN HATHAWAY: During the past summer I have been closely associated with the Neighborhood Youth Corps and have had some opportunity to observe their successes and failures. For the most part, the youngsters that have been served in the summer project have come from the rural area of the county. While this program was geared to youngsters who will be returning to school, a continuing program should be maintained for the drop-outs who have every possibility of becoming useful citizens, depending on the considerations that is given to them now.

In addition to the rural program it is extremely important that something be done with the urban drop-out. There is a particularly high incidence of drop-outs in the Lewiston and Auburn area where large families require all their members to "pitch in" and help out as early in life as possible. Usually the fathers, and in many instances the mothers, of these large families are working in sub-standard, poorly paid working conditions. Over 8,000 members of the working population in Lewiston and Auburn do not have the required educational background for high school eligibility. It is the drop-out children of these target area families that we are now concerned with in the urban area.

To briefly describe the past summer experience of only two months' duration here are some case instances:

As a case in point, one boy has been persuaded to return to high school after an abortive experience last year. He takes pride in his excellent Neighborhood Youth Corps work record and his supervisor is high in his praise. However, because of a mutually antagonistic attitude between him and school officials I have grave doubt that the plan has any chance of success. If the short term Neighborhood Youth Corps counseling offered this summer does not sustain this relationship, hopefully a long term program will give this youngster another chance.

In another instance, a seventeen year old girl, who had reached only the eighth grade in the local school, had no friends, no interests, and was considered almost a hopeless case. The girl was a slow learner but not mentally retarded according to present day standards. Her prospects for the summer were to sit and look at the four walls, or, at best, television re-runs. She was given a placement as a maintenance aide, cleaning and painting school houses, and was teamed with an intelligent, highly articulate girl whose ambition is to be a model. By the end of the period this girl was talking and laughing with her fellow workers and astounded not only her supervisors but her own family.

One girl, whose mother receives ADC, was one of the most antagonistic, resentful, fighting mad youngsters I ever encountered. After a few short weeks of working with a group doing really hard menial work, cleaning, painting, and repairing furniture in the school houses, she developed a friendly outgoing personality and is willing to cooperate with the school program. Obviously it is the social or economic advantage that is responsible for the girl's improvement which points up the benefits available through Neighborhood Youth Corps.

In another typical large family the father's take home pay is about $50.00 per week. There was little chance that the teen-age children would continue their secondary school education. Through the Neighborhood Youth Corps two youngsters of high school age have brought home combined weekly checks of $75.00 during the summer and the atmosphere in the home has changed completely. From a hopeless, despairing unit, has emerged two individuals in a cooperative family group who now have ambitions and plans for the future.

One instance still of concern to me is that of a girl from a large family in a town that has no high school. This girl was unable to get her ranks from the high school that she had attended, until, and if, she paid the town her cost of transportation for the previous year. She wants to return to high school and her chief aim in joining the Neighborhood Youth Corps was to earn the money to make some of this reimbursement possible. This girl is intelligent and she showed initiative during her placement as a librarian aide. But she must be encouraged, and the local board showed little inclination in that direction.

I have cited these specific instances at some length because as you very well know we here in Maine have a grave problem in helping our young people to an active and productive citizenry. As an essentially rural state we face education and physical problems calculated to discourage our youth from developing latent talents. This program has been something of a revelation to me, and I must confess I did not recognize its value until I saw the actual results. These are all cases which I have seen and investigated personally.

I am certain that by continuing the Neighborhood Youth Corps program in this county we will be making a valid contribution to the emotional, social and economic security of the young people in our state and country.

Very truly yours,

GEORGE HUNTER,
State Representative.

THE PRESIDENT SPEAKS AT BROOKINGS CEREMONY

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. BRADEMAS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, last night President Johnson spoke at the 50th anniversary of the foundation of the Brookings Institute. His talk is a significant statement on the role the institute has played in its first half century and upon the role of the intellectual in politics.

I insert it in the RECORD at this point:

REMARKS OF THE PRESIDENT AT THE 50TH ANNIVERSARY OF THE BROOKINGS INSTITUTE, WASHINGTON, D.C.

BROOKINGS AT THE BARRICADES

Half a century ago nine men—from business, law and banking—met to chart a course for an "Institute for Government Research" here in Washington, D.C.

Their goals were beyond reproach, but also unlikely to propel other men to the barricades. They sought, in their words,

"Knowledge of the best methods of administrative organization to be obtained by means of thorough scientific study, so that it may be possible to conduct governmental activities with maximum effectiveness and minimum waste."

This must have seemed rather a colorless ideal, however worthy. Yet two decades later—in the late thirties—a newspaper had this to say about what had become the Brookings Institution:

"Brookings publications cause something of a stir in the world. Newspapers print summaries of them on their front pages. Economists, editorial writers, and some politicians cite them much as Fundamentalist preachers draw upon Holy Writ. Although the emotional appeal of these books is nil, their statements have caused many highly placed or otherwise prominent persons to yell bloody murder."

So the men who studied the Federal system from Brookings' window had already stimulated, if not torchlight parades, a great deal of soul-searching by the administrators of that system.

They did not accomplish this by calling for the overthrow of the government. That is certainly one way to get people's attention, but it is not the best way to bring about desirable change.

The men of Brookings did it by analysis, by painstaking research, by objective writing, by an imagination that questioned the "going" way of doing things and then they proposed alternatives.

THE CONCERNS OF ALL CITIZENS

Because their subject was public policy—the transportation system, the economy, election law, the civil service, labor-management practices—they touched the concerns of every citizen in the land. Sometimes they prescribed an unpopular medicine for government officials, and the patient rejected it with a cry of outrage. Brookings reported that the NRA was badly administered and

could only surely fail. Then General Johnson, General Hugh Johnson, who ran the agency, said:

"Before anybody asks that crowd for a prescription he must write his own diagnosis. It is one of the most sanctimonious and pontifical rackets in the country."

Yet in field after field, reports and studies that emerged from Brookings did bring about substantial changes in law and in practice. It was often a case of concentrated brainpower applied to national problems where ignorance, confusion, vested interests, or apathy had ruled before. Sometimes the Brookings study won the day; sometimes it only opened the way for other ideas and policies; but always it changed the temperature in the cosmos of Washington.

A NATIONAL INSTITUTION

Now, in 1966, after 50 years of telling the government what to do, you are more than a private institution on Massachusetts Avenue. You are a national institution, so important to, at least, the Executive Branch, and, I think, the Congress, and the country, that if you did not exist we would have to ask someone to create you.

Of course you are not alone now. Other institutions, many of them specialized, have come into being since World War II. Some of them are supported by the government itself, in an effort to find better answers to problems of national security in the nuclear age. More—many more—have appeared on university campuses, sponsoring research in such subjects as mental health, African affairs, urban renewal, in a hundred or more fields where scholars had heretofore never ventured.

This has not happened just because wealthy benefactors needed monuments to their generosity. It has happened because the enormous complexity of modern living demanded something better than a visceral, emotional response. And as one who has examined a thousand new ideas from the universities and research centers of America in the past 34 months, I can testify that in fact we got something better.

SCHOLARS AND THE GREAT SOCIETY

There is hardly an aspect of the Great Society's program that has not been molded, or re-molded, or in some way influenced by the communities of scholars and thinkers. The flow of ideas continues—because the problems continue. Some ideas are good enough to stimulate whole departments of government into fresh appraisals of their programs. Some are ingenious; some are impractical; some are both. But without the tide of new proposals that periodically sweeps into this city, the climate of our government would be very arid indeed.

There has been another—and equally welcome—development during the last few years. A number of those who helped to create the new programs decided, after they had been created, to follow their children down here to Washington. So men like John Gardner, and Bob Wood, and Charlie Haar, came down to look after the education program, and what we hope next week may be the demonstration cities program. If the old bromide still had currency—that intellectuals are absent-minded, unable to keep up with the harsh practicalities of administration—these men, and many like them, should have dispelled it.

THREE POWERS OF INTELLECT

So we have seen, in our time, two aspects of intellectual power brought to bear on our nation's problems: the power to create, to discover and propose new remedies for what ails us; and the power to administer complex programs in a rational way.

But there is a third aspect of intellectual power that our country urgently needs tonight, and in my judgment it is being supplied sparingly. It is less glamorous than the power to create new ideas; it is less visible and less publicized than the power to administer new programs. But it is not a bit less critical to the success or failure that we may make in the years that are ahead of us.

This is the power to evaluate. It is the power to find the marrow of the problem, the power to define it as acutely as it can be defined. It is the power to say, about public policies or private choices, "This works. But this does not. This costs more than we can afford, or this costs more than it is worth. This is worth more than it costs. This will probably give us an acceptable result. But this will complicate the problem and make it impossible for us to solve."

Of all these powers, that of the critical faculty, I think, is most deeply associated with the intellectual. All his training, all his intelligence, all his experience, tells him to beware of easy answers—to shun the merely clever, as he does the emotional generality. He does not accept, in his laboratory or seminar, the notion that the best way to solve a problem is to walk away from it, or to flood it with a sea of dollars, or to smother it with an emotional slogan. Should he adopt a different set of critical standards when the problem is city slums or foreign policy, than when it is a question of biology or historical research?

I think obviously not. The methods which have worked so well in advancing man's knowledge of himself and his universe are exactly the methods which can show us the way toward better public policies—a distrust of simple answers to very complex problems, and always healthy respect for the facts, a conscientious effort to submerge bias and prejudice, and a refusal to stretch the conclusions beyond the evidence.

THE CRITICAL FACULTY AND THE ACCEPTED WISDOM

What I am saying is that the critical faculty ought constantly to challenge the accepted wisdom—whether liberal or conservative wisdom, whether private or governmental wisdom, the wisdom of the street or the newspaper office or the lecture hall. It ought to be concerned at least as much with analyzing the terrific complexity of modern problems, as it is with devising sweeping new strategies for social advances. It ought to be as dissatisfied with what is known about the critical problems of today, as it is with the bureaucrats and politicians who try to solve them. The critical faculty, in short, ought to be critical—to be precise, to be sharp, and to be piercing.

THE DYNAMICS OF URBAN LIFE

If this seems less exhilarating to some than striking out for new horizons, I can only say that to me it does not. I can, for instance, imagine no more exciting breakthrough in human knowledge than one that still eludes us: understanding the real dynamics of urban life.

This is such a mixture of physical, financial, and psychological questions as to confound the best minds in the nation. Overcrowded streets and housing; unemployment; inadequate schools; transportation systems that confound problems instead of relieving them; air and water pollution; blight and ugliness; rising crime and delinquency; tax structures that impose the heaviest burdens on the governments least able to bear those burdens; racial tensions; and so on down a list that is already too familiar to all of you.

What impact are we having on these problems with our education program? What is our new poverty program doing about it? Is our manpower redevelopment and training program serving its proper function? How much can we expect rent supplements to achieve in really producing more and better low-cost housing for our poor? What is our highway program doing to alleviate the snarl of traffic, and what are its effects on the city and its people?

All of these are part of a much larger question: What do we want our cities to be, and how can we achieve what we want?

We need not delay action in the cities until Brookings, and its sister institutions, have given us a definitive answer to that question. In fact, I have not delayed. We have put into being many programs of assistance to the cities, programs that only three years ago were but theories and propositions. When governments are faced with great public dilemmas, they must shape their programs with the greatest wisdom that they possess, but governments must act. They cannot wait to act until all that tentative and hypothetical can be established as firmly as a law of mathematics.

EFFECT OF PROGRAMS FOR THE CITIES

But how well are these programs faring? How great is the gap between their promise, and the city's reality? How should they be changed, and how can the gap be narrowed?

The answers are vital—because the needs of the city demands that all the resources we can devote to them must find their mark. Our aim must be good—and for that we need guidance and discriminate judgment—as well as exhortation.

That judgment is exactly what those to whom God has given a good mind, and to whom circumstances have given a good education, are called upon to provide.

Their judgment may be wrong, and they must live with that knowledge—as other men do, who have been chosen by their fellow citizens to exercise the powers of government.

Their judgment may be right, and still not be accepted in the political arena or the editorial room. That is a risk that they all take—along with everyone else.

But they must provide it; it is an obligation of responsible intellect, no less than the obligation to produce fresh ideas, or to serve the nation faithfully and diligently in its time of need.

It was two centuries ago that Burke wrote:

BURKE AND THE RESPONSIBLE INTELLECTUAL

"To complain of the age we live in, to murmur at the present possessors of power, to lament the past, to conceive extravagant hopes of the future, are the common dispositions of the greatest part of mankind."

If I may interpolate the polls reflect that condition still exists, I think.

"Such complaints and rumors have existed in all times; yet as all times have not been alike, true political sagacity manifests itself in distinguishing that complaint which only characterizes the general infirmity of human nature, from those which are symptoms of the particular distempers of our own air and season."

He might have added, that once the distinction is made, intellectual responsibility requires a man to suggest how those distempers might be remedied; if called upon, to practice the remedy himself; and always to observe—with a candid and critical eye—the results that flow from that judgment.

I think you have sought to fulfill this responsibility here at Brookings. In doing so, you have contributed immeasurably to prudent government and consequently I think to the well-being of your fellow citizens in America.

But please do not rest on 50 years of public service well done. I have observed the operations for 35 years, since Dr. Spurgeon Bell was associated here for a brief time, one of my mother's early sweethearts, and since one of my later friends, Mr. Kenneth Gordon came over here I have tried to follow your words.

As one whose understanding you have enriched throughout my entire public life, I should like to call on you tonight to help

us light America's way in the turbulence of tomorrow, as you have done with such great integrity in the turbulent and trying days of the past. I do not think that Brookings will fail us either.

Thank you for letting me come and be with you.

MESSAGE OF PRESIDENT LYNDON B. JOHNSON AND ADDRESS OF VICE PRESIDENT HUBERT H. HUMPHREY, 44TH SUPREME CONVENTION, ORDER OF AHEPA, AUGUST 14–20, 1966, WASHINGTON, D.C.

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Indiana [Mr. BRADEMAS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. BRADEMAS. Mr. Speaker, as the only Member of Congress, either of the House of Representatives or the Senate, of Greek origin, I consider it a great privilege to have been able to join with my colleagues in welcoming to Washington, D.C., last month 25,000 persons from throughout the United States attending the 44th Supreme Convention of the Order of AHEPA.

Mr. Speaker, AHEPA, the American Hellenic Educational Progressive Association, which now numbers 43,000 persons among its member organizations, stands as a firm and enduring link between the achievements and values of Hellenic civilization and contemporary American society. The objectives and purposes of the Order of AHEPA are a clear reflection of the remarkable qualities of Hellenic civilization that find expression in American life. Consider, for example, the first five objects and purposes of AHEPA:

First, to promote and encourage loyalty of its members to the country of which they are citizens;

Second, to instruct its members in the tenets and fundamental principles of government;

Third, to instill a due appreciation of the privileges of citizenship;

Fourth, to encourage interest and active participation in the political, civic, social, and commercial fields of human endeavor: and

Fifth, to pledge its members to oppose political corruption and tyranny.

These objectives, so central to democracy in America, were central also to democracy in Greece, and one cardinal purpose of the Order of AHEPA is to insure that the flow of the precepts and ideals of Greek democracy continues to serve as a constantly revitalizing current in American government.

Mr. Speaker, during the course of the 44th Supreme Convention, Ahepans heard from many of our own Nation's outstanding leaders, including President Lyndon B. Johnson and Vice President HUBERT H. HUMPHREY.

LETTER FROM LYNDON B. JOHNSON

Under unanimous consent, I insert at this point in the RECORD a letter from President Johnson to Kimon A. Doukas, Supreme President of the Order of AHEPA:

THE WHITE HOUSE,
Washington, June 16, 1966.

Mr. KIMON A. DOUKAS,
Supreme President,
Supreme Lodge of the Order of AHEPA,
Washington, D.C.

DEAR MR. DOUKAS: For many decades the Order of Ahepa has championed the rebirth and growth on American soil of the democratic traditions of ancient Greece.

Your dedication to the ideals and aspirations of your forebears has enriched your contributions to our nation and enhanced our common legacy as Americans.

As you meet for your forty-fourth convention, I extend warmest gratitude and good wishes.

Let the time-tested heritage of your ancestors inspire you to sustained achievement. And let this gathering be a living reminder of the glory of ancient Greece and a lasting tribute to the glory of modern America.

Sincerely,

LYNDON B. JOHNSON.

ADDRESS OF VICE PRESIDENT HUBERT H. HUMPHREY

Mr. Speaker, I was honored to have been present to hear an address to the delegates to the AHEPA convention from the distinguished Vice President of the United States, Hon. HUBERT H. HUMPHREY, on August 17, 1966. Under unanimous consent, I insert in the RECORD the Vice President's outstanding address on this occasion:

REMARKS OF VICE PRESIDENT HUBERT HUMPHREY, ORDER OF AHEPA CONVENTION, WASHINGTON, D.C., AUGUST 17, 1966

As an American of Norwegian descent—and proud of it—I am delighted to be here with my fellow members of AHEPA.

I am only sorry that I was not here for the presentation of the debutantes yesterday evening. But maybe it was just as well. You might have asked me to judge which of these beauteous young ladies was the most beautiful of all. And, putting discretion before valor, I might have said "Thanks, but no thanks!"—recalling all the trouble that Paris caused for the Trojans by the choice he made.

The time has long passed when people thought of the United States as a kind of melting pot, taking men and women from many countries and molding them into standardized, homogenized Americans.

We are much wiser nowadays. We have come to understand that the American people are a fabric all the richer for the many different—and distinguishable—threads which have been woven into it.

Just as we seek a world of diversity, so we take pride in an America of diversity—of people equal in rights and esteem, but individual in talents and traditions.

Note that I said "equal."

We Americans have long since learned to judge a man by his own merits, rather than his color or his name.

Regrettably, ethnic prejudice persisted in our immigration laws long after most Americans had rejected it. I count it not the least of the great achievements of President Johnson that, under his leadership, the Congress purged our immigration laws of this ugly stain from the past.

Until last year, the Greek quota was disgracefully low—only 308 a year. According to the latest figures, 6583 immigration visas have already been issued to Greek citizens since the new law went into effect on December 1st of last year.

This is good news for all Americans, for men and women of Greek descent have contributed to excellence in this country in many fields.

GREEK ACHIEVEMENTS ARE NOTABLE

I think of Dimitri Mitropoulas and Maria Callas in music . . . Dr. George Papanicolaou in the fight against cancer . . . the Skouras brothers in motion pictures, and many, many others—not least my good friend JOHN BRADEMAS, one of the ablest and most dedicated members of Congress, and Constantinos Doxiadis whose higher vision of the city has helped lift our sights and spirits.

This great organization, AHEPA, has exemplified the practice of good citizenship of Americans of Greek descent. Over your 44 years of existence, you have contributed generously to the relief of victims of misfortune both at home and abroad—those of floods and hurricanes here in America and of wars and earthquakes in Greece.

But your most outstanding service, I think, is the training you have given new arrivals from Greece in the obligations of American citizenship, and the encouragement you give all your members to take an active and constructive part in civic life.

In matters of good government, all of us are deeply indebted to your ancestors. The idea of democracy—indeed, the very word itself—originated in Greece. It was set forth, for example, in the Funeral Oration of Pericles:

"Because in the administration it has respect not to the few but to the multitude, our form of government is called a democracy . . . in election to public offices we consider neither class nor rank, but each man is preferred according to his virtue or the esteem in which he is held for some special excellence . . ."

Not all Greeks favored this. Plato, for example, called democracy "a form of government full of variety and disorder, and dispensing a sort of equality to equals and unequals alike."

RIGHTS OF MAN COME FIRST

Indeed, throughout the intervening centuries, there has been a continuing contention between those who, like Plato, believed in government by an elite, and those who held, with Aristotle, that "liberty and equality . . . will be best attained when all persons alike share in government to the utmost."

Over the centuries, there have been many kinds of governing elites—royal, aristocratic, military, or plutocratic. But all were alike in the firm belief that they knew what was best for the people, rather than the people themselves.

It was against rule by the few rather than the many that our American Revolution was waged. And, writing of its significance fifty years later, Thomas Jefferson said:

"All eyes are opened, or are opening, to the rights of man . . . the mass of mankind has not been born with saddles on their backs, nor a favored few, booted and spurred, ready to ride them."

Many eyes have opened since then, with consequences felt in every part of the world—most recently, in the attainment by over a billion people of freedom from their colonial rules.

But proponents of elite rule persist even in this century—notably the fascists and the communists.

Fascism and communism have their points of difference, of course. But both are characterized by the rule of a self-chosen, self-perpetuating elite. And it is this elite which arrogates to itself the right not only to govern the people but to tell them what they may do, where they may go, what they may read, and even how the should think.

Both, in fact, are profoundly reactionary.

We pay heartfelt tribute today to the valor with which the Greek people, with timely and effective help from the United States under President Truman, defended their liberty.

It is tragic when any country succumbs to totalitarianism—but it would have been doubly tragic for this fate to befall the birthplace of democracy.

Now we are engaged in meeting another test from totalitarianism. Vietnam is a long way from Greece—and from America—but free men cannot stand apart from what is happening there, as you have recognized in your resolution pledging your "entire support" to our struggle against totalitarianism in Asia.

But it would be dangerous for us to assume that all democracy's troubles arise from attack by fascism or comumnism.

DEMOCRACY DEMANDS MATURITY

It is not easy or simple for men to order their affairs democratically. Democracy is a system which makes high demands on a people's maturity and self-discipline. Indeed, it is based on the belief that there are extraordinary possibilities in ordinary people.

As we have seen in recent years, many of the new nations have not been immediately successful in making democracy work. We need not regard these failures as final.

I am confident that they will turn to democracy again in good time—and with a greater degree of public experience, and a longer experience in the responsibilities of self-government, be able to make it work.

Certainly we of the older nations have no right to look down our noses at their shortcomings. We have had our troubles and our problems too.

Finally, I think we would do well to remember this: Democracy is not an end in itself.

It is a means to an end—the welfare and human dignity of people.

If democracy does not serve the people, the danger exists that they will turn to other means, under the delusion that they will find quicker and surer results.

Lenin, who cynically described liberty as "so precious that it must be rationed," said that "no amount of political freedom will satisfy the hungry masses." Instead, he offered them bread, peace, and land—false promises, but effective enough in the short run to put the Bolsheviks in power.

EQUAL RIGHTS ARE ESSENTIAL

Even in this fortunate land of ours, we face real problems in making our democracy work for the benefit of all our people. It is urgent that we accomplish—fully and quickly—the unfinished business of assuring to every American, regardless of his color, creed, or ethnic origin, equal rights and opportunities. It is urgent that we wipe out poverty, and the dismal slums in which it festers. For, as Aristotle said: "Men come together in cities in order to live, but they remain together in order to live the good life."

The Greek city stands in history as the highest form of man's expression—the place where commerce, the arts, ideas all came together to form an environment where man might flourish.

And throughout history, cities all over the world have aspired to the Greek ideal.

Anyone who travels America's highways must surely see, as I have seen, the signs outside even the most modest country town: "Welcome to Our City, the Athens of the Plains" or "Welcome to Our City, the Athens of Jones County." How many American cities, in fact, bear the name Athens or Corinth?

Today, in our wealth and power, we have the means to truly create cities in no less than the Greek tradition.

These cannot be cities divided. These cannot be cities ruled by those who live in glittering towers and comfortable suburbs, and inhabited by those entrapped in ghettoes and tenements. These cannot be cities built on a foundation of unhappiness, of crowding, of pent-up violence.

We must have our vision. Then we must work to make that vision reality.

When the history of our time and civilization is written, our cities can be remembered not for their boxlike buildings and concrete cloverleafs, but for their openness of mind and spirit.

Our cities can be remembered not for their tension and injustice . . . but for their creativity, happiness, and brotherhood.

I see the American city as a place where men can live together without strife. I see the American city as a place where doors and windows are thrown open to the world . . . to ideas . . . to music . . . to the arts . . . to knowledge and education.

I see the American city as a place where your children and mine, and our grandchildren, may live in safety and in health . . . where they may live in abundance not only of material goods, but in abundance of opportunity and understanding.

CITIES REFLECT AMERICAN SOCIETY

I see the American city as a reflection of our whole American society—a better and freer society than any ever known before to man . . . an America where each small child can look ahead to a life without fear, without hunger, without midnight knocks at the door.

I see the American city, and our American society, as an environment of free men and women—each playing his own role, each seeking what he seeks yet without doing harm to his fellow citizen.

"I hear America singing," Walt Whitman wrote a century ago, "the varied carols I hear . . . each singing what belongs to him or her and to none else . . . singing with open mouths their strong melodious songs."

This is the America I see—not an America of discord, but a land where each "strong, melodious song" may be added to the next to form a chorus of free yet harmonious voices.

But our vision will never be fulfilled unless we take the hard and practical steps that will be required.

As much as we might wish it so, great American cities will not be built through the commitment of our material resources alone. They will be built only if we commit, on a far greater scale than today, our social and political resources.

They will be built only when each American recognizes that the great city to be sought is his city.

They will be built only when each American recognizes that the hate, discrimination and poverty to be overcome are the hate, discrimination and poverty in his own community.

They will be built only when each American makes it his personal business to take an honest look at what is happening around him . . . to maintain a healthy skepticism against both the keepers of the status quo and the prophets of disorder . . . to feel a personal stake in decisions affecting his community—in short, to participate in the democratic process, as you have made it your business to participate.

When I read the other day about Mao Tse-Tung's swim in the Yangtze River, I was reminded of a passage in Herodotus. He related the story of a Greek hero who swam some fantastic distance to warn the Athenian fleet. Then he adds: "If, however, I may offer an opinion, it is that he came in a boat."

So long as there are people such as the men and women of AHEPA who insist on thinking for themselves—and who are truly dedicated to democracy—no peddlers of tyranny or of easy solutions will find an easy path. And the future of man may yet be decided on the side of his liberation.

LETTER FROM SUPREME PRESIDENT KIMON A. DOUKAS

Mr. Speaker, I also insert in the RECORD a letter to me from AHEPA Supreme President Kimon A. Doukas:

SUPREME LODGE OF THE
ORDER OF AHEPA,
Washington, D.C., September 16, 1966.

Hon. JOHN BRADEMAS,
House of Representatives,
Washington, D.C.

MY DEAR MR. BRADEMAS: In behalf of the American Hellenic Educational Progressive Association I hasten to thank you for your invaluable contribution toward the success of our 44th Supreme Convention held in the City of Washington during the Ahepa week of August 14–20th.

We are particularly grateful to you for the generous comments made on the floor and recorded in the CONGRESSIONAL RECORD. You gave us courage and strength to pursue more vigorously the goals initially established 44 years ago by the founders of this fraternity, for the growth and progress of our blessed land.

With the kindest personal regards and best wishes for your continued health and happiness.

Sincerely yours,

KIMON A. DOUKAS,
Supreme President.

PROCLAMATION OF "ORDER OF AHEPA WEEK" BY THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA

Finally, Mr. Speaker, I insert in the RECORD a proclamation of "Order of AHEPA Week" by the Commissioners of the District of Columbia:

"ORDER OF AHEPA WEEK," AUGUST 14–20, 1966, BY THE COMMISSIONERS OF THE DISTRICT OF COLUMBIA

A PROCLAMATION

Whereas, the United States of America is a nation composed of peoples who have come to these shores from all corners of the earth, and

Whereas, the greatness of this nation has been achieved through the manifold contributions of peoples of all races and creeds who have entered this land with an open mind and willing heart as contributors towards the welfare and well-being of our nation, and

Whereas, American citizens of Greek descent have made countless contributions to this nation as reputable and lawabiding citizens in all fields of human endeavor, and

Whereas, the Order of Ahepa, the American Hellenic Educational Progressive Association, instituted in Atlanta, Georgia on July 26, 1922, was formed as a fraternity chartered for the purposes of Citizenship, Education, Charity, and the perpetuation and dissemination of Hellenic Culture and Ideals, and

Whereas, the Order of Ahepa is holding its 44th meeting and annual Supreme Convention in Washington, D.C., during the week of August 14–20, 1966:

Now, therefore, we, the Commissioners of the District of Columbia, in recognition of the contributions and praiseworthy objectives of the Order of Ahepa, do hereby proclaim the Week of August 14–20, 1966, as "Order of Ahepa Week" and urge all residents of the Nation's Capital to observe this week in the manner most appropriate to our cherished American democratic traditions and ideals.

WALTER N. TOBRINER,
JOHN B. DUNCAN,
C. M. DUKE,
Commissioners of the District of Columbia.

JULY 19, 1966.

A WISCONSIN PROFESSOR OF ECONOMICS EXPLAINS WHY TOLLS SHOULD NOT BE INCREASED ON THE ST. LAWRENCE SEAWAY

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. REUSS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. REUSS. Mr. Speaker, Mr. Eric Schenker, professor of economics at the University of Wisconsin-Milwaukee, and president of the Milwaukee Board of Harbor Commissioners, has written an excellent paper entitled "The First 7 Years of the St. Lawrence Seaway."

This paper is not only an historical review of the youthful waterway, as the title might suggest. It contains timely observations on why the proposed 10-percent increase in St. Lawrence Seaway tolls is economically unsound, and on the need for a change in the capital structure of the Seaway.

Mr. Schenker was assisted by Mr. John Wilson of the university.

The paper follows:

THE FIRST 7 YEARS OF THE ST. LAWRENCE SEAWAY

(By Eric Schenker, professor of economics, and John Wilson, project assistant, University of Wisconsin, Milwaukee)

Although the St. Lawrence Seaway did not open until 1959, the development of the Seaway-Great Lakes trade route was seriously considered as early as 1932. In that year, the United States and Canada signed a treaty to provide for the construction of a navigable route connecting Lake Ontario with the lower St. Lawrence River. However, when the Senate failed to ratify the treaty, the project was postponed.

In 1939 Bryan wrote, "Water outlets to the Atlantic Ocean of sufficient depth to make them in effect shipways to the seas, capable of caring for ocean going liners, have engaged the attention of the United States and Canadian governments in recent years. There are four routes which have been given consideration: (1) the Great Lakes-St. Lawrence ocean ship channel, utilizing the St. Lawrence River to tidewater and designed to connect Lake Ontario and Montreal; (2) the Lake-Ontario-Hudson River route; (3) the All-American route, which is nearly a lake-to-the-Hudson ship canal; (4) the New York State Barge Canal, enlarged to ship-canal dimensions. It seems that the first of these proposals, the Great Lakes-St. Lawrence ocean-ship canal, bids fair to becoming reality."[1]

But once again in 1941, when the U.S. Congress failed to approve an Executive Agreement on seaway development, Canada found itself unable to proceed independently. It was not until September of 1951 that Canada formally announced its intention to undertake the entire project alone. This action forced the U.S. to decide between participating in Seaway development and sharing in operating authority, or being bypassed by inaction.

Fortunately, we chose the former, but not without objection from Atlantic port and eastern railroad interests. In an effort to mediate the differences in geographical interests, it was agreed that the Seaway would be "self-supporting." The St. Lawrence Seaway Development Corporation was established by the federal government to represent American interests in Seaway development. The Seaway Development Corporation, along with its Canadian counterpart, the St. Lawrence Seaway Authority, is responsible for financing and operating the Seaway. Each entity operates its own facilities between Montreal and Lake Ontario. The Welland Canal connecting Lake Erie and Lake Ontario is a wholly Canadian project.

The St. Lawrence-Great Lakes navigation route extends over 2,300 miles from Duluth to the Atlantic and serves such major cities as Chicago, Milwaukee, Detroit, Cleveland, Toronto, Buffalo, and Montreal. The Seaway and the Welland Locks (connecting Lake Erie and Lake Ontario) raise and lower ships a total of 552 feet between Montreal and Buffalo. With the completion of harbor deepening projects to take advantage of the 27 foot Seaway limit, it is certain that this route will prove economically superior to the currently dominant overland-to-the-Atlantic route for many commodities.[2]

The Development Corporation was granted authority to issue $140,000,000 worth of bonds in order to finance its allotted 29 per cent of original seaway construction costs (Canada financed 71 per cent of construction).[3] Congress ordered that the repayment of this bonded debt along with operating costs be financed by toll revenues, thereby creating the first and only federally operated navigation works in the United States that is not open to use without charge.

The charge for passing through the Seaway system is based on cargo tonnage. The original fee schedule (which is subject to revision this year) calls for 40 cents per ton for bulk cargo and 90 cents per ton for general cargo plus an additional 4 cents per ton on gross tonnage.[4] No charge is currently made for tonnage-in-transit (cargo not discharged at lake ports). This omission makes it possible for a ship carrying in-transit-cargo to stop at the Great Lakes without having to pay a penalty.

According to the original plans, the Seaway was to become an economically self-sustaining operation in short order, and, furthermore, a self-liquidating project—paying off its bonded debt within 50 years.

Actually, it is doubtful that even the Seaway advocates really believed that toll revenues would pay off the bonds in that time span. The term "self-supporting," however, served as an immediate expendient even though there is little doubt that the Seaway would have become a reality with or without the "self-supporting" label. By making this a condition, much more debate and delay was probably averted since informed opponents could take consolation in the fact that by 1966 (the terminating year of the initial toll agreement) they would be able to agitate for higher tolls to achieve the "self-supporting" and "self-liquidating" condition. Of course, if tolls are raised this year, it is certain that substantial traffic will return to North Atlantic or Gulf ports where facilities are not subject to user tolls and where there are no self-support or debt retirement restrictions. This likelihood is precisely what the representatives of Eastern and Gulf port and railroad interests are hoping for.

The April proposal to raise Seaway tolls on a ten per cent across-the-board basis raises some critical questions on the future of bulk and general cargoes on the Great Lakes-Seaway route. Several well-established facts make it very plain that such a proposal is not a sound one either economically or rationally.

First, we know that current general cargo shipments from U.S. Great Lakes ports amount to only a small fraction of the exports produced in that area (the greater share being shipped overland to the Atlantic or Gulf Coasts). At the same time, it is these high value goods that produce the greatest economic rewards for the port communities. There are obviously great opportunities for the growth of this traffic and the economic benefits would be substantial.

Second, it is quite certain that toll increases on bulk cargoes will not significantly discourage that type of traffic since there are few instances where competitive means are available or economically feasible even at toll increases far greater than the proposed 10 per cent.[5]

Third, it is not al all certain that toll increases will raise revenues. It is quite possible that traffic diverted to other ports and therefore lost to the Seaway will offset any gains made on that traffic remaining on the St. Lawrence route.

Fourth, the toll increase is being advised on the contention that revenue must be increased in order to terminate the operational defict situation existing since the Seaway's opening. Operational deficits, however, are not the problem. During the first six years of operation (1959–1964) total operating expenses amounted to $8,280,000 while gross revenues were $23,462,000. The deficit problem arises only when repayment of bonded debt incurred by initial construction is added to operational costs. As of June 30, 1965, the U.S. share of debt outstanding amounted to $123,425,000 at an average interest rate of 3.45 per cent. This means that approximately $4,258,162.50 is required annually in order to pay the interest. Debt retirement, of course, can begin only after

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[1] Bryan, Leslie A., "Principles of Water Transportation," Ronald Press, New York, 1939, pp. 210–212.

[2] High terminal costs, and the necessity of at least two loading processes on the overland route make the Seaway route more economical for many Midwest produced commodities.

[3] Although U.S. investment in Seaway construction between Montreal and Lake Ontario was only $130 million, Eckstein estimates total federal costs for the Great Lakes-Seaway route at about $400 million. See Otto Eckstein, "Water Resource Development," Harvard Press, Cambridge, Mass., 1958, p. 184.

[4] Tolls based on tonnage are an example of value-of-service ratemaking. Since there is no identifiable cost difference in serving a ship carrying a more valuable cargo, cost-of-service ratemaking would call for standard tolls per ship (assuming single lockage). This rate "discrimination" might not be harmful if it weren't for the fact that it interferes with the establishment of the most advantageous transportation route. For a discussion of value-of-service ratemaking, see Meyer, Peck, Stenason, and Zwick, "Competition in the Transportation Industries," Harvard Press, Cambridge, Mass., 1959, pp. 172–188.

[5] There are, of course, a few exceptions to this general observation. For example, liquid bulk cargoes such as fats and oils are quite responsive to even small rate changes. Although such commodities are shipped bulk, it would be prudent to differentiate between these and the primary bulk cargoes (coal, iron ore, petroleum, grain, etc.). According to Meyer, "for a toll charge of 80 cents a ton on grain transported through the Seaway, a figure which seems most unlikely, the bulk water carriers' substantial advantage over rail transportation would not be eliminated." Meyer, Peck, Stenason, and Zwick, "Competition in the Transportation Industries," Harvard Press, Cambridge, Mass., 1959, p. 125.

this interest obligation and operating expenses are covered.

Table 1, below, presents the actual and estimated revenue and expenditure picture for the first six years of Seaway operation.

TABLE 1.—*St. Lawrence Seaway operating revenues and expenditures, 1959–64*

	Actual	Estimated
Gross revenues	$23,462,000	$31,760,000
Operating expenses	8,280,000	8,335,000
Total available for debt service	15,182,000	23,425,000
Distributed as follows:		
Payment on interest	14,796,000	23,425,000
Payment on principal	324,000	
Miscellaneous	12,000	
Unapplied	50,000	
Total	15,182,000	

Source: U.S. Senate Committee on Commerce, special report, Sept. 13, 1965.

Tonnage as well as revenue has lagged behind original estimates. Table 2 presents the actual and estimated tonnage for the first seven years of operation. Since 1962, actual tonnage has increased rapidly, reaching nearly 44 million tons in 1965. Although Seaway traffic fell far short of projections during the early years, the gap has been narrowed every year since 1962, and this recent pace indicates that the original tonnage estimates were not too far off. It would now seem almost certain that the 50 million ton goal for 1968 will be reached.[6]

TABLE 2.—*Gross seaway tonnage 1959–65*

	Actual	*Estimated*
1959	20,600,000	25,000,000
1960	20,300,000	29,000,000
1961	23,400,000	33,000,000
1962	25,600,000	37,000,000
1963	30,900,000	41,000,000
1964	39,300,000	44,000,000
1965	43,400,000	46,000,000

Source: U.S. Senate Committee on Commerce, Special Report, Sept. 13, 1965.

The tonnage statistics here cited apply to the Montreal-Lake Ontario portion of the Seaway. Until 1966 this was the only section for which a toll was charged.[7] This year, however, Canada has decided to levy a toll on the Welland section of the system connecting Lake Ontario and Lake Erie. The Welland Canal, a system of eight locks that raise and lower ships 326 feet over a 28 mile course around Niagara Falls, has been the source of most Seaway congestion problems, and it is possible that a well-designed toll will ration use of this facility until additional capacity is available.

It is quite evident that general cargo traffic is currently rising at a much more rapid pace than is bulk traffic. General cargo traffic has grown better than 2½ times from the 1959 shipping season to the 1965 season inclusive—from over 2 million tons to under 5.5 million tons. And, the tonnage has increased most rapidly beginning with the 1963 shipping season. On the other hand, bulk cargo traffic has about doubled in the same period. From 1963, however, the rate of increase in bulk cargo traffic has declined.

Given the relatively high value of general cargo traffic to the exporting or importing economy it is not surprising that Great Lakes ports are particularly concerned with these commodities. Since only a small portion of general cargo exports produced in the area are currently shipped from local ports, the future growth potential is outstanding. Therefore, in the interest of both transportation resource allocation and mid-America's economic growth, it is most important to avoid retarding the expansion of this traffic.

It has been estimated that 42 million tons of traffic for the season represents the Seaway's break-even point. On this basis, Seaway operations finally made it into the "black" in the 1965 shipping season. In that year the tonnage total was nearly 44 million tons, and the U.S. share of toll receipts was in excess of $6,250,000.

With the achievement of 50 million tons by 1968, it is not at all unlikely that the bonded debt could be retired within the 50-year limit without raising tolls. However, if it is now decided that the 50-year repayment goal can not be reached with the present toll structure, it would be much more prudent to extend the repayment deadline to 75 or even 100 years than to raise tolls and thus contribute to the misallocation of transportation resources. When it is remembered that the Seaway is the only federally financed navigation works in the United States now being operated on a toll basis, the suggestion of raising tolls in the future seems all the more unequitable and all the more unlikely to lead to proper resource allocation.

If the proposal does, in fact, become law it is likely to severely cripple overseas general cargo traffic from the Great Lakes since rail or truck service to the Atlantic or Gulf is an available alternative. In the interest of efficient transportation resource allocation and competitive equity, as well as the economic well-being of mid-America, it would be desirable to eliminate these Seaway tolls which limit Great Lakes ports in competition with toll-free facilities elsewhere.

Moreover, if it is decided that toll revenues must be increased, it would be much more efficient to increase only bulk tolls by about 12 per cent than to increase all tolls by 10 per cent.[8] This would provide roughly the same revenue increase, but would avoid the serious curtailment of Great Lakes-Seaway traffic. Restricting the rate increases to noncompetitive shipments and avoiding those endowed with a price-elastic demand for transport services would be far less injurious to Midwestern economies.

Original tonnage estimates varied widely and were based upon a reliance on four major bulk commodities. Three early estimates of Seaway tonnage appear in Table 3, and Table 4 presents major commodity estimates upon which the total estimates were based. The lower tonnage estimates in Table 3 were nearly achieved in the 1965 season, and there is little doubt that they will be exceeded this year. On the other hand, it will be a number of years until even the lower limit of the Commerce Department's estimate can be achieved. Furthermore, this estimate was made before anyone knew what the Seaway's annual capacity would be, and it now seems clear that in order to attain a tonnage figure in excess of 60 million tons the Seaway's physical capacity will have to be enlarged. Particularly urgent is an expansion of the Welland connection between Lake Erie and Lake Ontario. This stretch has been heavily congested in recent years frequently causing temporary delays. The tonnage handled on the Montreal-Lake Ontario portion of the route, of course, will not exceed that at Welland since the major Lake ports are located below Buffalo. Even the Montreal-Lake Ontario segment should be enlarged in the near future if physical capacity is to keep pace with rapidly increasing demand.

As presented in Table 4, grain traffic is, and has always been, the major Seaway cargo. Early estimates predicted that iron ore traffic would dominate St. Lawrence trade, but this projection was based, in part, on the belief that the Mesabi range would soon be depleted. Since then, the development of the taconite process has given new life to this

TABLE 3.—*3 different tonnage estimates of seaway traffic (1953)*

Source	Annual estimate (millions of tons)
Canadian Department of Trade & Commerce	44.5
Great Lakes-St. Lawrence Association	45.7
U.S. Department of Commerce (revenue estimated $36,500,000 to $49,000,000	64.5–83.5

Source: Hearings on the St. Lawrence Seaway, 1953.

TABLE 4.—*Estimates of commodities expected to account for most of seaway tonnage (1947)*

[Million tons]

Commodity	Estimate	1965 Tonnage
Iron ore (primarily from Labrador)	30.0–37.5	12.8
Grain (primarily overseas)	6.5–11.5	14.6
Petroleum	6.0–20.0	2.4
Coal (to Quebec)	4.0	1.2
General cargo	11.3	5.6
Other		6.8
Total	58.0–85.0	43.4

Source: Hearings on the Great Lakes-St. Lawrence Seaway 1947.

Western ore reservoir, and imports from Labrador have been far below earlier expectations.

Similarly, petroleum, coal, and general cargo traffic have fallen short of Commerce Department projections. The carriage of petroleum, especially, has been greatly altered in recent years by the successful application of pipelines. General cargo does, indeed, have the potential to achieve and even exceed predictions, but this possibility is contingent upon toll developments, the possible lengthening of the shipping season, and the time it takes for shippers to adjust their habits to newly developed trade routes.

A lengthening of the Great Lakes-Seaway season would probably increase general cargo traffic by a more than proportional amount. The current navigation season starts about the middle of April each year and terminates in early December, during which time the Seaway is operated around the clock for seven days each week. This means that no traffic can move from the Lakes by water for approximately four months each year. This condition may prompt shippers whose traffic is non-seasonal in nature to rely exclusively on a transport mode that is available year round. A proposal to lengthen the Seaway season is currently being studied by Congress. If the proposal were to be implemented, the annual capacity would be increased by as much as one-third. This may help to relieve some of the current congestion as well as provide a stimulant to Great Lakes overseas traffic.

Seaway traffic over the first seven years is classified by origin and destination in Table 5. We see there that while there was virtually no internal U.S. traffic through the Seaway, over 25 percent of total Seaway ton-

[6] In 1963 the U.S. Department of Agriculture did not feel that the achievement of this goal was likely. "Reading the estimated goal of 50 million tons of traffic on the Seaway by 1968 seems doubtful. . . . even with fairly liberal evaluation of trends in commodity movements, tonnage on the Seaway by 1968 may be well below the official forecast of 50 million tons." U.S. Department of Agriculture, Changing Shipping Patterns on the St. Lawrence, Marketing Research Report No. 621 (Washington, D.C., August, 1963).

[7] Tolls on the Welland section were suspended by Order-of-Council (P.C. 1962–1032) on July 18, 1962.

[8] With exceptions for selected bulk commodities (see footnote 5).

nage was domestic Canadian (Canada to Canada) traffic. Similarly, Canada shipped 12.7 million tons of cargo to the United States through the Seaway in 1965 while the United States shipped only 4.3 million tons to Canada.[9]

TABLE 5.—*Seaway traffic origin and destination*

[Millions of tons]

Year	Canada	United States-overseas	Overseas-United States	Overseas-Canada	Canada-Overseas	United States-Canada	Canada-United States
1959	7.3	2.8	1.1	0.8	0.8	1.8	5.8
1960	6.5	3.9	.9	1.2	1.4	1.8	4.6
1961	9.0	4.5	1.0	.7	1.2	2.8	4.1
1962	7.8	5.0	1.2	.9	1.2	3.0	6.4
1963	9.7	4.0	1.5	1.0	1.3	4.7	8.6
1964	11.7	5.5	3.0	1.6	1.5	4.7	11.2
1965	12.8	6.2	3.8	1.9	1.5	4.3	12.7

Source: Traffic Report of the St. Lawrence Seaway (annual issues), prepared by the St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation, Queen's Printer and Controller of Stationery, Ottawa.

On the other hand, the U.S. dominated overseas tonnage, having a substantial lead in both exports and imports. Since these overseas cargoes are primarily high value general cargoes, and since the internal or lakewise shipments are mainly bulk commodities (iron ore, coal, grain), it is not difficult to see why Canadian interests may favor toll benefits for bulk cargoes at the expense of general cargo traffic.[10]

A GLANCE AT THE FUTURE

The first seven years have been impressive, and the current rate of growth exceeds pre-Seaway expectations. Future prospects, then, are very good. At least, that is what we might expect after surveying current trends, but the future is not that clear.

Regional politics and institutional restraints that have plagued Seaway shipping from the outset are approaching a critical point. The disruptive labor disputes that crippled the 1966 shipping season and the current prospect of higher tolls on general cargo are examples of institutional interference that could reverse the trend of the recent past. As we have seen, the Seaway is the only navigation works in the continental United States for which a toll is charged and it now appears that the 50-year debt retirement stipulation is threatening potential development of general cargo traffic. Forty-two million tons annually is the estimated break even point. That goal was surpassed in 1965, but low tonnages over the first four years resulted in a low seven year average. The recent pace suggests that the original goal of 50 million tons by 1968 is almost certain to be reached if toll charges remain unchanged.

The Seaway, then, is currently doing a business that at least equals and probably exceeds the original estimates. The deficit problem is largely a product of the early years when tonnage was low due to incomplete harbor improvements and the time lag in adjusting to new trade routes. It is therefore obviously unwise to base toll recommendations upon some simple past average. Instead, it would be proper to base policies for the future upon current trends and future projections.

This toll problem is not the only political-institutional roadblock to full development of the Great Lakes-St. Lawrence route. Under section 22 of the Interstate Commerce Act, railroads can offer special rates for government shipments. This enables the Eastern railroads to discriminate against Lake ports by offering lower rates from the Midwest to Atlantic ports than from the Midwest to Lake ports. The railroads will, quite naturally, take advantage of this opportunity to discriminate as long as it exists. They will do so because Great Lakes-overseas shipping operations are a direct competitor to Atlantic and Gulf Coast ports. If these government commodities were shipped directly from the area in which they are produced (from the Great Lakes ports) the rail lines would be deprived of this traffic.

Also, the Cargo Preference Laws, which group the Great Lakes and North Atlantic ports into one administrative jurisdiction, contribute to the scarcity of American flag ships on the Great Lakes. Under the Cargo Preference regulation, a Defense Department shipment cannot leave a port in a foreign ship if an American ship is available at any port in that jurisdiction. By coupling the Great Lakes and North Atlantic in one jurisdiction, these laws encourage American ship owners to avoid using the Great Lakes.

The Seaway routes' future should indeed be bright. It is almost certain to be if steeper toll schedules are not imposed and if these unreasonable discriminations are lifted. General cargo traffic increased by more than fifty per cent between 1964 and 1965[11] and the potential for additional growth in this high-value traffic is virtually unlimited provided that it is promoted rather than discouraged by increased tolls and the other restraints mentioned. Once these present uncertainties are cleared away the future will be more confidently visible, and, hopefully, the trend of the first seven years will be extended.

[10] In 1965, Canadian vessels carried 66 per cent of the Seaway's buk cargo and only 9 per cent of the general cargo.

[9] Even this is probably an exaggeration since much of it may have been transshipped to overseas destinations from the Canadian port.

[11] From 3.7 million tons to 5.6 million tons. Bulk tonnage increased by six per cent between 1964 and 1965.

CHRYSLER ADOPTS DISCOUNTS FOR INDEPENDENT RETAIL REPAIR OUTLETS

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DINGELL. Mr. Speaker, one of the more persistent problems encountered by independent garage owners has been the pricing structure for body parts and other automobile parts distributed exclusively by automobile manufacturers through their franchised dealers. Independent garage owners have, in the past, found it necessary to pay the same price for a fender, or similar part, as that charged the ultimate consumer. As a practical matter, this has made it most difficult for the independent garage to engage in price competition with the franchised dealer. It has obviously been most unfair in that the independent garageman has paid the same price for the part as the franchised dealer has charged members of the public who have brought their automobiles to the dealer for repair.

Until 1965, all three major automobile manufacturers had similar policies in this respect.

Chrysler Motor Corp., in May 1965, made available to its new vehicle dealers a new wholesale compensation plan for body parts, fenders, hoods, and other such items used by independent repair outlets such as garages, body shops, gas stations, and others in the repair trade.

Under this plan, Chrysler dealers are paid wholesale compensation when they wholesale such parts to independent retail repair outlets. This Chrysler program places its dealers and independent repair-shop owners in a better position to provide parts availability and prompt service. It also recognizes that independent repair outlets play an important role in providing service to owners of Chrysler products. Dealers have been invited to reflect this additional compensation in the form of lower prices to their wholesale customers, although, of course, they are entirely free in this respect as it would be a violation of the antitrust law for Chrysler to force them to pass the discount on.

This plan makes parts more readily available for owners of Chrysler products since these independent trade outlets normally do not stock such parts. Chrysler states that it is hopeful that such outlets will enjoy a strengthened competitive position as a result of this new merchandising plan. In May 1966, Chrysler extended this wholesale compensation plan to practically all other automotive parts.

Chrysler Motors Corp. is to be commended for this progressive action. It is to their credit that they have recognized the equities of the independent garagemen in this matter and have altered their pricing structure so as to provide the maximum amount of competition. Quite obviously this program is beneficial to the consumer as well as the independent businessman in the automobile repair industry.

It is to be regretted that General Motors and Ford Motor Co. have not seen fit to follow suit. The fact that Chrysler has been able to do this successfully demonstrates, beyond the possibility of rebuttal, that the matter is neither so complex nor so difficult as has sometimes been claimed by other manufacturers. It is to be hoped that, in the near future, those determining policy for General Motors and Ford Motor Co. will carefully study the alternatives available to them and take such action

as may be necessary to promote competition rather than continuing their present course of preventing it. The Chrysler Motors Corp. has provided an example of industrial statesmanship which the rest of the industry would do well to follow.

MERGER OF FOOTBALL LEAGUES

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DINGELL. Mr. Speaker, I have today introduced a bill to authorize the merger of two or more professional football leagues, and to protect football contests between secondary schools from professional football telecasts. The legislation is similar to a measure, S. 3817, approved by the Senate on September 26, 1966.

Enactment of this legislation this year would enable the American Football League and the National Football League to merge into a single professional league without the fear that they will be in violation of the Federal antitrust laws. While I generally look with a jaundiced eye upon proposals for antitrust law exemptions, I believe that the present proposal is sound.

I have been assured that the 24 existing professional football teams will continue to operate in their present locations and that six new teams will be added to the merged league in the future—Miami and Atlanta this year, 2 more in 1968, and another 2 later.

I am told that the merger would not adversely affect present professional football players, but that future bonuses paid to college players entering the professional league would be reduced. It is felt that this reduction in bonus payments will enable professional teams to raise minimum salaries and adjust certain inequities which have been adversely affecting the morale of established professional players. The addition of more teams will also increase employment opportunities for coaches and players.

The bill would extend to high schools the same protection from the telecasting of professional football games that has obtained for some time for colleges. This protection prohibits the telecasting of a professional game by a station located within 75 miles of the game site of a college or high school game during the September–December season when such games are traditionally played.

LEGISLATION TO SAVE PASSENGER SERVICE

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. DULSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DULSKI. Mr. Speaker, I am today introducing legislation providing for an 18-month moratorium on further passenger train discontinuances. Since the enactment of section 13a as a part of the Transportation Act of 1958, 467 interstate and 343 intrastate trains have ceased operating in this country.

This number represents well over half of all passenger trains in existence in 1958. The law, as it presently exists, permits the effective discouragement of passenger patronage by the railroads, and many railroads have taken full advantage of that permission. It is no wonder that Judge McLaughlin, in the New Jersey Ferry case, the first Federal court called upon to interpret the provisions of section 13a, referred to them as an "invitation" to the railroads of this Nation to rid themselves of passenger traffic.

On August 30, 1966, we in the House passed H.R. 15963 to establish a Department of Transportation entrusted with the implementation of the President's policy for improvement in the quality and service rendered by the Nation's railroads. What remnants of interstate passenger train service will be available for administration and improvement?

In addition, we are all aware of our deliberations and actions to further the efforts of the President to improve, with substantial Federal financial assistance, the quality and service of the Nation's railroads, as demonstrated recently by the Urban Mass Transit Act, and the High-Speed Ground Transportation Act of 1965. One can conjecture that many millions of taxpayers' dollars could conceivably be spent in the near future for the construction of new lines serving points where passenger service has been previously discontinued, or for the restoration of service over remaining lines. These are dollars which need not be expended if the railroads are impeded in their accelerated drive to virtually eliminate all passenger train service.

My recommendation for a legislative remedy provides for a moratorium on further passenger train abandonments so that the new Department and those agencies charged with the responsibility for implementation of the above described acts, and the policy of the administration, can reasonably act to achieve their objectives.

Furthermore, a Department devoted to the development of the most efficient utilization of all forms of transportation cannot possibly succeed so long as there exists a law which, first, directly delegates to the railroads the authority to determine the extent of passenger train service in the United States; second, permits the removal of passenger trains without evidentiary justification; third, fails to provide the Interstate Commerce Commission with authority to impose conditions upon discontinuance of passenger train service which the Commission may find are required by the public interest; and fourth, impresses upon the Commission unreasonable and unjustified time limitations.

My bill is intended to remedy this inconsistency by expressly providing a moratorium whereby no further passenger train service will be discontinued pending the creation of the Cabinet-level Department. It would seem logical that this moratorium be extended for at least 18 months so that the studies and other functions of the Department can help bring some unity into the Federal policy on rail passenger service in the United States.

SATELLITE COMMUNICATIONS

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. ROONEY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. ROONEY of Pennsylvania. Mr. Speaker, as a member of the House Committee on Interstate and Foreign Commerce and the Subcommittee on Communications and Power, I have become familiar with the many complexities relating to satellite communications and the Communications Satellite Corp. An article by Mr. Ray Connolly appeared in the Electronic News on September 19, illustrating the problems facing the common carriers in their relationships with Comsat. As Mr. Connolly indicates, these issues will have to be settled by the Federal Communications Commission if we are to maintain a strong, viable, and competitive international telecommunications system which will be in the best interest of the public.

I would like to call the attention of my colleagues to this September 19 article, which follows:

COMSAT AND ITS COMPETITION

(By Ray Connolly)

WASHINGTON.—"If you don't like the telephone company," someone once observed, "you can always use two Dixie cups and a long piece of string."

The limited competition permitted among common carriers and distilled in this expression is coming back to haunt their regulators at the Federal Communications Commission as it tries to cope with the Communications Satellite Corp.

Interestingly, Comsat has not argued that its efforts to squelch competition and eventually set up its own manufacturing arm are only following a pattern established earlier by the common carriers themselves. Instead, it is pressing its privilege as an entity created by Act of Congress to rebut challengers to its position as a communications satellite monopoly.

Wrapped in the mantle of its "Congressional mandate," Comsat, for example, protests that a new high-capacity cable between the United States and Puerto Rico proposed by two common carriers—A.T. & T. and ITT—would represent a competitive threat to the revenues of its planned Virgin Islands ground station. No doubt it would, but Comsat's legal argument against the cable is a pretty wild distortion of "national policy."

Comsat says its mandate is to establish a global satellite communications system as quickly as possible. To achieve this, it argues, the system must have heavy traffic on its channels in order for the system to be economical. The A.T. & T.-ITT cable would siphon off some traffic with its proposed 720 voice channels. Thus, says Comsat, the common carriers' plan would be opposed to established national policy as it applies to Comsat.

Countering this, the carriers correctly contend that there is no Federal policy that implies, much less states a preference for satellites over cables, and, further, both types of system can survive competitively. But even though it be a king, Comsat has found it difficult to think nobly in its effort to turn a profit.

A second step to eliminate competition from another direction came within weeks of the cable protest early this summer. That was Comsat's declaration that it would build its own R&D center here with an eye to expanding the facility about 1970 into a full-fledged production facility for communication satellites.

Step three came when the corporation—with support from the White House and Pentagon—ignored a ruling by the FCC, to which it is ostensibly subject, that only common carriers may deal with it directly for communications satellite services.

The ban on direct negotiation with Comsat included all Government agencies except NASA, which FCC characterized as "a unique circumstance." Nevertheless, the Defense Department and Comsat continued their negotiations for Comsat to provide 30 channels to the Defense Communications Agency on the synchronous satellite Intelsat II scheduled to be stationed over the Pacific at the end of October along with another to serve the Atlantic from a point over the Indian Ocean.

Comsat president, Joseph V. Charyk, explained the corporate view of the FCC judgment only 2 weeks ago before the Military Operations Subcommittee of the House Committee on Government Operations. "It is our interpretation of the law (the Communications Satellite Act of 1962) that there are no restrictions on the Government dealing directly with the corporation when the Executive Branch decides that it desires to do so."

Dr. Charyk threw in a bit of melodrama to persuade the Congressmen. "It would be, indeed, a sorry situation," he said, "if the availability of these facilities to meet the important needs of our Defense Department (in Vietnam) were allowed to be delayed or frustrated by actions aimed at winning a particular position or establishing a particular precedent."

The essential argument that the rule of law—particularly that which shall establish a precedent for all future Comsat dealings with government—should be subordinated to the immediate requirements of the Executive branch in its pursuit of a limited war was not worthy of Dr. Charyk.

FCC argues correctly that common carriers that have always provided Government agencies with communications channels in the past would be hard hit if DOD and others were allowed to bypass them and deal directly with Comsat. Yet pressure on FCC to "reconsider" its judgment is heavy. The White House Office of Telecommunications Management threatens to take the issue to the Congress or, if necessary, the courts. It will take more guts than the FCC previously has shown for it to maintain its position.

While there are many overlapping and consequently unclear issues that have come out of the formation and operation of Comsat, it is clear that President Johnson could not honestly repeat today what he told the final meeting of the corporation's interim directors 2 years ago. After justifiably praising their effort to make a new idea a reality, he went on to say, "The law creating this corporation reaffirms our devotion to private enterprise and private initiative. But it does more. This law reiterated our resolve to protect and preserve private ownership as partner—not the victim—of Government's current role in research and development."

That assertion is subject to challenge today as Comsat, despite its public stock, has disregarded the judgments of the FCC in a way that no other corporation would dare.

CONSTRUCTION BILL STATEMENT

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. O'HARA] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. O'HARA of Michigan. Mr. Speaker, the purpose of this bill is to provide for the safety and health of all workers in the building trades and construction industry working in all Federal and federally financed or assisted construction projects.

Accidental death and injury in this Nation are at the epidemological stage, striking down more citizens than any combination of diseases, at a dollar loss to the people and the economy of many millions of dollars.

It is incongruous when consideration is given to the fact that hundreds of millions of dollars are being devoted to developing technical knowledge to overcome diseases which affect less numbers of people than accidents, yet there is in existence sufficient technical knowledge and sufficient methodology about accident prevention to reduce a very large majority of the incidence of accidents and turn lost billions of unproductive dollars into the economy with minimum Federal expenditures.

Accident records indicate that the numbers of injuries are on the rise. The construction industry is typical of the problem. The facts are these:

First. Construction in this Nation is at an alltime high and increasing, with contracts valued at $29 billion in force.

Second. Except for the mining, the construction industry has the highest frequency and severity injury rates of any major industry in the Nation and has, over the years, been climbing. In 1945 there were over 19 disabling injuries for every million man-hours worked, with 2,270 days lost for every million man-hours worked. In 1965 this has grown to over 28 disabling injuries and 2,642 days lost for every million man-hours worked.

Third. For every disabling injury the average time lost by the construction worker is 93 days. In 1965 construction workers lost 22½ million days due to injuries.

On August 18, 1965, President Johnson highlighted the importance of occupational safety and health by pointing out that the average American worker misses over 5 days of work each year because of incapacitation and that a reduction of 1 day in the annual rate of absence due to incapacitation among workers of this Nation would add $10 billion to the gross national product. Here we have an industry that has a lost-day average 20 times greater than the national average. Imagine what could be saved if this 93 days or any fraction is cut down.

The bill I am introducing will direct the Secretary of Labor to establish and administer safety and health regulations for the protection of all workers employed on federally financed or supported construction projects in excess of $20,000.

Specifically the bill requires the Secretary of Labor to—

First, develop safety and health regulations with the advice and assistance of labor and management groups;

Second, inspect worksites for unsafe conditions and hazards;

Third, provide consultative safety service to construction companies and labor groups;

Fourth, conduct safety training and education programs for construction supervisors and workers; and

Fifth, work with State and local governments where construction work is being performed in their jurisdiction.

This last item involving State and local governments is most important in that sound administration of technically competent safety and health regulations as proposed in this bill will have a beneficial effect upon those States and local governments endeavoring to establish nationally accepted safety standards and codes in construction.

The need for this upgrading and modernization of standards and codes has been cited by two of the major organizations in the Nation representing local governments. The U.S. Conference of Mayors, in June 1966, and the National Association of Counties, in July 1966, both passed resolutions that the Federal Government in conjunction with State and local authorities develop national performance criteria and standards for construction.

The lack of standard safety codes and safety organizations in some local governments in this country is appalling. It is a fact that in many of our major cities a contractor to build a structure must try to comply with as many as 40 or 50 different codes or ordinances covering just one portion of his construction plans. City, county, district, State, and section codes for the installation of electrical fittings, for instance, all could be different. This not only forces the cost of the construction up, it also results many times in built-in hazards.

Establishing safety and health regulations on all Federal construction projects as this bill proposes would have the net result of providing a national network of basic construction safety standards and codes available for uniform application by State, local, and

Federal parties, and would provide a powerful economic injection into the Nation's bloodstream. It would reduce accidents in the construction industry; where last year the average cost of a disabling injury was $1,000 and there were 225,000 of them. The average cost of a fatal injury was $30,000 and there were 2,700 deaths. This means that a staggering $306 million in preventable loss was absorbed by the construction industry. It also means that 225,000 workers who were disabled were on sharply reduced, or in some cases, no income; it means that the families of the 2,700 construction workers who were killed are suddenly faced with no regular income.

I am proposing Federal safety and health regulations in the federally sponsored construction projects because it represents a very large segment of the building and construction trades industry, and because it is a fact that where properly drawn and soundly administered Federal safety and health regulations have been put into effect, injury reductions, as much as 35 percent over a 5-year period, have been achieved.

TRIBUTE TO PRESIDENT KENNEDY

Mr. PATTEN. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. McGRATH] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. McGRATH. Mr. Speaker, on September 24, in the city of Vineland, N.J., an event took place which made me more proud than ever to be the Representative of New Jersey's Second District and its fine people.

On that morning, in the newly designated Kennedy Memorial Triangle in Parvin Park, the Spanish-speaking citizens of the Vineland area presented to the community of Vineland a bust of our late, beloved President, John F. Kennedy. That memorial was purchased with $6,000 which those residents had collected over a 2-year period in order to express their appreciation for all President Kennedy accomplished on behalf of America's Spanish-speaking peoples.

It was an inspiring ceremony, attended by the Hon. John C. Bullitt, former U.S. Executive Director of the World Bank, representing the Kennedy family, and addressed by the Hon. SANTIAGO POLANCO-ABREU, Resident Commissioner of the Commonwealth of Puerto Rico, through his representative and legislative assistant, Mr. Alejandro Palau; Mrs. Thelma Parkinson Sharp, New Jersey's civil service commissioner, who represented Gov. Richard J. Hughes; State Assembly Majority Leader Robert Halpin, who represents Cumberland County in the general assembly; Mayor Henry Garton, and other public officials, citizens, and myself.

I feel the gesture of Vineland's 7,000 Spanish-speaking residents in raising the funds to obtain this monument and in presenting it to their city is in the finest tradition of Americanism which President Kennedy inspired during his all-too-brief term as our Chief Executive. By this means, this group of new Americans, I believe, adequately expressed their appreciation for the late President's efforts on their behalf.

It occurred to me during the ceremony that all there might pause to recall that the only original Americans are the Indians and that our great land is a melange of nationalities, races and faiths, all working together for the common ideal of democracy and freedom under law.

The fact that this was called to mind by a segment of our population who also speak a common foreign tongue makes all the more meaningful the realization that as our country grows in age, it also matures in its dedication to principles of equality and opportunity for all. The larger our Nation grows and the more complex its affairs become, the more important this dedication to principle becomes. The monument to the memory of John F. Kennedy clearly carries the message that we have not outgrown our heritage, nor are we likely to do so.

Inscribed on the base of the monument, in English and Spanish, is the famous Kennedy quotation:

Ask not what your country can do for you; rather ask what you can do for your country—Preguntate no lo que tu patria puede hacer por tí, sinó qué tú puedes hacer por tu patria.

I believe congratulations are due those who labored so long and diligently to provide this Kennedy memorial and also to the city of Vineland on having in its midst so dedicated a Spanish-speaking community.

The Spanish-speaking group was represented at the ceremony by Mrs. Doris Padro, who made the presentation to Mayor Garton; by Mr. Lewis Padro, Mr. and Mrs. Felix Rivera, Mr. and Mrs. Lewis Maranda, Mr. and Mrs. Ismael Anduja, Mr. and Mrs. Juan Romero, and Mr. and Mrs. Enrique Custodio.

Mr. Speaker, I believe the message of Commissioner POLANCO ABREU, delivered by Mr. Palau, bears reproduction in the CONGRESSIONAL RECORD as a worthy tribute to the late President Kennedy as he was seen through the eyes of a key representative of the Puerto Rican people, and I commend it to all Americans.

His message was as follows:

ADDRESS OF THE RESIDENT COMMISSIONER OF THE COMMONWEALTH OF PUERTO RICO, SANTIAGO POLANCO-ABREU, DELIVERED AT THE CEREMONY MARKING THE DEDICATION OF A BUST OF JOHN F. KENNEDY PRESENTED BY THE PUERTO RICAN COMMITTEE PRO-KENNEDY BUST, OF VINELAND, N.J., SEPTEMBER 24,1966

Congressman McGRATH, Mayor Garton, representative of the Kennedy family Mr. Bullitt, Mrs. Padró and members of the Puerto Rican Committee Pro-Kennedy Bust, Mr. Rivera and members of the Acción Social Puertorriqueña, distinguished guests, it is indeed a privilege to be here to revere the memory of President Kennedy.

To all of you joining in the observance of this act, to the members of the Puerto Rican Committee Pro-Kennedy Bust, I extend my most sincere commendation because today you can look back on your great accomplishment and say: "We have established here a symbol of liberty and social justice."

We know, of course, that the Presidents of this Nation have been good and honorable man and their names are accorded the respect of history. Special honors, however, are bestowed upon a few—a select group comprising the great American statesmen of all times. We know all of them; they performed in time of great crisis, and all of them responded bravely to the call of duty.

In parity with them, in the matter of courage, of statesmanship, and of devotion to principle, the remarkable performance of the late President John F. Kennedy, to whom we pay our deep respects on this occasion, is recorded in the history of our Nation.

The people of Puerto Rico, whom I represent in Congress, retain a special feeling of high regard for the late President Kennedy. The Puerto Ricans have a history extending back to the times of Columbus, el Gran Almirante.

We have come a long way through more than four centuries of struggle. The hopes that sparked this struggle are becoming the realities of today. Of these realities I am certain that one will outshine all others: In rejecting colonialism we have also rejected the nationalistic concept of political isolation. Thus, the people of Puerto Rico made some fundamental decisions which started a transcendental political and economic association with the people of the United States, through which we both benefit.

Such association was always recognized and honored in all its merits by President Kennedy for he knew that in this small and partisan world, Puerto Rico was turning outward to the human race to show that political and economic associations, made in good faith, will erradicate, finally, the miseries and wars generated by those who exist, solely, in the sterile latitude of a blind nationalism.

On these grounds the Puerto Rican people came to recognize the value of that rare individual, the politician with a heart, the statesman concerned with human progress in fact as well as in theory, the world leader wanting not riches for himself but riches for the people.

The late John F. Kennedy was such a man. It was he who arose from a background of wealth and finery to fight for the rights of poor men everywhere. It was he who called upon the American people to revive and revitalize the American economy for idealistic purposes rather than mere profit alone. He said that it was not enough that a large majority of Americans should thrive and prosper while a handful still floundered in the shadow of social injustice and economic despair. He designated America the land where dreams might well come true for everyone, and directed our course to a New Frontier of hope and triumph and accomplishment.

From the beginning of United States history there have been those in the Country who have worked in defiance of democratic purpose, and in favor of their personal designs, in the name of class and in the name of privilege. John F. Kennedy was born to oppose these people as much as he also was born to oppose the tyrants of other lands, seeking to intimidate the American cause.

"Let the word go forth," he said, "from this time and place, to friend and foe alike, that the torch has been passed to a new generation of Americans . . . unwilling to witness or permit the slow undoing of those human rights to which this Nation has always been committed, and to which we are committed today, at home and around the world."

As a man afflicted with serious physical pain much of his life, he championed the cause of health and physical well being on the part of his fellow American. This was reflected in many ways, from the playing of touch football on the White House lawn to

the presentation of the Medicare program, beneficial to millions of senior citizens.

As a man concerned for the fate of democracy in the struggle for world power and simultaneously concerned over the possible ignition of World War III through negligent diplomacy, he preserved with brilliance the American position on the international level, balancing pliability with resolution, to a remarkable degree.

As a man concerned for the political and economic rights of *all* Americans, he fought for those rights in defiance of tradition, engaging the enemy in the open, for all to see. His agents met the foes of racial equality in the courthouse square, and the schoolhouse door, and made them know the force of social justice. There were no back room deals about rights and liberties under John F. Kennedy. He did all his fighting in the broad daylight, where the world could see and comprehend and judge the result, and history could know the full story.

In essence, John F. Kennedy was the spirit of an emerging American ethic—the spirit of the principle that all is not well with America until all Americans are well; that so long as there remains a trace of poverty, a trace of injustice, or special privilege, there remains also the room for reform.

The people of Puerto Rico, devoted to democratic ideals, and dedicated to serving those ideals, shall always revere the name and the memory of John F. Kennedy, a martyred President who lived and died in the interest of honored principle.

Of the currents flowing in American life today, many were inaugurated by the policies of this most unusual man, symbolically young, courageous, imaginative, creative, and concerned for the general welfare. The American Nations, blessed with the very same characteristics, shall go forward, to realize such hopes and dreams in the knowledge that the world he sought to create was, in fact, a beautiful world and one well worth having, at the earliest possible moment.

SMALL BUSINESS COMMITTEE COMPLETES EXHAUSTIVE REVIEW OF SBA PROGRAMS AND POLICIES

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. EVINS of Tennessee. Mr. Speaker, the House Small Business Committee recently completed a full and comprehensive review of the programs and policies of the Small Business Administration. This week-long examination of all phases of SBA operations was, in my view, a constructive and beneficial exercise of congressional oversight.

During these extensive hearings the Small Business Committee heard a broad range of testimony from officials of SBA, representatives of the Bureau of the Budget, and other executive agencies, from officers and directors of small business associations and from small businesmen themelves, among others. These hearings were held against a backdrop of significant change and transition in SBA financing, leadership, and policy.

I am sure you will recall, Mr. Speaker, that over a period of time there was a persistent and recurrent rumor that SBA would be transferred to the Department of Commerce, thereby becoming a subordinate division of one of the Federal Government's largest Cabinet-level departments. The testimony at these hearings was highlighted by the unequivocal assurance by Mr. Bernard Boutin, Administrator of SBA, that President Johnson has informed him that SBA would continue as an independent agency—a one-stop shop for the Nation's small business.

Mr. Charles L. Schultze, Director of the Bureau of the Budget, announced that the Bureau recognizes that SBA performs a vital role in our economy. There had been reports that the Bureau of the Budget had taken the position that SBA had not justified its existence. Mr. Schultze, however, pointed with pride to the increased assistance provided the small businessman of America by SBA—citing a 43-percent increase in dollar value of assistance rendered and a doubling of the number of small businesses assisted since 1961. Mr. Schultze's testimony was most encouraging and most helpful.

As these hearings were held, SBA was in the opening phases of its new self-financing plan which obtains its revolving funds from proceeds of the Sales Participation Act, which was enacted last May. Under this plan the Appropriation Committees will sit and approve the ceilings for expenditure of the proceeds of the participation sales. The only appropriations to be made are for operational expenses of SBA.

Other significant legislation recently enacted included a bill which separated the disaster fund from the regular business loan fund. These funds heretofore have been mingled with the inevitable result that business loan funds were siphoned off periodically by the heavy demands on the disaster reserve.

The latest interruption in the business loan program occurred last October 11, 1965, when a moratorium was declared by SBA on acceptance of business loan applications—a moratorium which lasted until May 26, 1966.

In addition to the change brought about by this legislation, SBA has new leadership under the direction of Administrator Boutin, one of Washington's most seasoned and experienced Federal executives.

Administrator Boutin testified in substance that he himself was conducting a review of SBA programs and policies and that he will not hesitate to make changes in policy direction to strengthen small business programs. Mr. Boutin said that a greater cooperation will be effected between all SBA programs and operations when a small businessman stops at an SBA office for assistance of any kind.

A brief summary of each major program discussed in the hearings follows:

BUSINESS LOANS

Testimony indicated that the amount of funds available for SBA loan programs in fiscal year 1967 will be increased 33 percent over fiscal year 1966—from $357 million in loans in fiscal year 1966 to $428 million in fiscal year 1967. Loans are being made on the basis of a system of priorities set up by administrative regulation by SBA which contends that an excess in the loan demand over available funds required a system of priorities. These priorities are based on such criteria as defense, employment, balance of payment, air and water pollution, and local economic needs—in that order.

Another limitation by regulation is the imposition of ceilings on the sizes of loans, which authorizes loans up to $50,000 without bank participation, and up to $100,000 with bank participation. Administrator Boutin made it clear that this arbitrary ceiling is open to adjustment as conditions change. The Congress has set $350,000 as the loan ceiling.

As chairman of the committee, I made this observation to the Administrator:

> This committee does not look with favor upon administrative rulings and interpretations which dilute and curtail programs established by the Congress.

The Administrator testified that the sale of participation certificates already has yielded $350 million and that the sale of additional certificates totaling $850 million is planned.

Despite the gap in acceptance of loan applications, SBA in fiscal year 1966 made commitments for loans totaling $357 million to 10,435 small businesses.

PROCUREMENT AND MANAGEMENT PROGRAMS

The committee was assured by Administrator Boutin that he was making a careful reexamination of management and procurement policies and programs—with specific attention directed to the effect of the withdrawal in June 1965 of 46 SBA procurement specialists from a program of direct representation of the interests of small business at the point where Federal contract awards are made. An analysis of the awarding of Federal prime contracts to small businessmen for fiscal year 1966 by my colleague, the gentleman from New York [Mr. MULTER], chairman of our Subcommittee on Procurement, indicated that there had been a decline in the number of awards made to small businessmen under the set-aside program.

Administrator Boutin announced at the hearings that he hoped to increase the membership of principal prime contractors participating in a voluntary small business subcontract program to 100 from the present total of 39.

SBA last year assisted 3,800 small firms to obtain R. & D. contracts totaling $80 million. In this way SBA helped 3,800 small businessmen get a foothold in the future.

Administrator Boutin testified that increased emphasis will be placed on management assistance programs. He pointed out that a loan to a small businessman can be ineffective unless the proper management techniques are utilized. SBA management specialists counseled more than 34,000 small business owners and managers in 1965. More than 7,000 new or prospective businessmen attended 200 SBA management workshops—and Administrator Boutin intends to accelerate this program by utilizing additional private and government resources.

SMALL BUSINESS INVESTMENT COMPANIES

There was general agreement at the hearings that the small business investment company program is, in principle,

a sound approach to make equity financing available to small business but that the administration and regulation of the program have left much to be desired.

These privately operated small business investment companies, authorized by the Small Business Investment Act of 1958 as amended, have made $1 billion available to approximately 20,000 small business concerns located in every State of the Union. As of today, these investment companies have investments in more than 12,000 small business concerns, totaling $560 million.

However, Administrator Boutin testified that roughly one-third—230 of 686—of the small business investment companies currently operating could be classified as "problem companies." The Administrator described this situation as "frightening" because the Government has $75 million invested in these 230 companies.

Administrator Boutin informed our committee that he has undertaken an intensive and objective review of the SBIC program and is convinced of the validity of the principle of the program. There is no question, he said, that small business today needs the equity capital and long-term, high-risk loans that such a program can provide.

The Administrator said that steps are being taken to assure a closer scrutiny of SBIC's by SBA, including a "complete overhaul" of the accounting system. The Administrator has also ordered a full review of current regulations and procedures governing the conduct of this program.

The SBIC program has been criticized on the grounds that it has failed to provide the benefits for which it was established. It is contended that many of these companies are either inactive, are failing to provide assistance to small business concerns, have been mismanaged, or have become self-serving vehicles of profit for their owners.

Testimony during our hearings brought out the practice of "cross-breeding" and "inbreeding" among some SBIC's, which involves transactions between related companies and reciprocal transactions between some SBIC's.

Administrator Boutin suggested that consideration might be given to a plan whereby SBA would guarantee equity-type investments up to a certain percentage, thereby encouraging and stimulating the constructive, meaningful phase of the program—its purpose in being.

Testimony indicated that the Justice Department has failed to expedite cases involving litigation against SBIC's and that this has hampered proceedings against companies whose operations are open to question.

Former Attorney General Nicholas Katzenbach, in response to a letter from me, denied that Justice had not acted expeditiously in these matters. He said that he had conferred with Administrator Boutin of the SBA in an effort to work out a better relationship between the two agencies in their connection.

LOCAL DEVELOPMENT COMPANIES

Testimony pointed to the soundness of the progressive local development company program, which Administrator Boutin testified is being utilized to a marked extent in communities of less than 50,000 population to assist small town and rural areas with limited resources in building stronger economies and providing greater opportunity for their people.

Cities and towns in virtually every State of the Union have taken advantage of these community development loans, which now total 1,000 and amount to $200 million—$53 million from loan communities, $12 million from local banks, and $135 million from SBA.

Ninety percent of these loans have been made in communities with a population of 25,000 or less and SBA's loss rate on this loan program is two-tenths of 1 percent.

SBA certainly deserves commendation for the administration of this program and its recognition of its importance to small town and rural America.

POVERTY LOANS

SBA and the Office of Economic Opportunity jointly administer title IV of the Economic Opportunity Act of 1964 which provides that loans may be made in amounts up to $25,000 for terms up to 15 years as a part of the war on poverty.

Testimony developed the fact that arbitrary regulations have been established which require small business development centers as a necessary prerequisite to the approval of any poverty loans for a community. Since these centers have only been established in 49 communities in 26 States, the net effect of this administrative restriction is to exclude much of the Nation from the program.

Most of these centers are located in major metropolitan areas, although a substantial segment of the poor are located in rural areas, and the law requires an equitable distribution of the loans between rural and urban areas. It is my recommendation that this program be administered solely by SBA and that the loans be made on the basis of the merit of the individual application, omitting the overlapping and duplicating restrictive small business development centers as a prerequisite. The Dingell amendment recently adopted on this subject should be most helpful.

Administrator Boutin said that he would carefully consider these suggestions and was in the process of reviewing the program.

To date 1,800 poverty loans totaling $19 million have been approved.

CONCLUSION

The week-long hearings constituted a searching but constructive examination that will help to improve SBA operations in its challenging year of change and transition. The two basic problem areas—the small business investment company program and the economic opportunity program—are being carefully reviewed with a view to the implementation of improved procedures and policies.

Testimony indicated that SBA is changing with the times and endeavoring to achieve greater coordination among its programs. The agency is also implementing Administrator Boutin's "team concept" to focus all of its resources on the problems of a small businessman who seeks assistance.

Witness after witness testified that the objectives and purposes of SBA programs are laudable and worthwhile. Helpful new legislation—the Sales Participation Act and the act separating business and disaster funds, among others,—and the constructive, concerned approach of Administrator Boutin points to a bright and promising future for SBA.

Administrator Boutin was commended by committee members for his direct approach in dealing with SBA problems and programs—and generally, his plans and suggestions were well received. The committee is looking forward to an improved program and progress for the American small businessmen.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed, with amendment in which the concurrence of the House is requested, bills of the House of the following title:

H.R. 15963. An act to establish a Department of Transportation, and for other purposes.

The message also announced that the Senate had passed the following resolution:

S. RES. 309

Resolved, That the House of Representatives be notified of the election of Francis R. Valeo, of the District of Columbia, as Secretary of the Senate, effective October 1, 1966.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 16559) entitled "An act to amend the Marine Resources and Engineering Development Act of 1966 to authorize the establishment and operation of sea grant colleges and programs by initiating and supporting programs of education and research in the various fields relating to the development of marine resources, and for other purposes."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FULTON of Tennessee, for October 3, 4, 5, and 6, on account of business in district office.

Mr. COHELAN (at the request of Mr. HOLIFIELD) for today, on account of official business.

Mr. GRIDER (at the request of Mr. FRIEDEL), from September 30 through October 8, on account of official business.

Mr. MACKIE (at the request of Mr. O'HARA of Michigan), for September 30, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legisla-

tive program and any special orders heretofore entered, was granted to:

Mr. EVINS of Tennessee, for 60 minutes, on Monday, October 3; to revise and extent his remarks and to include extraneout matter.

Mr. SAYLOR, for 30 minutes, on October 4; to revise and extend his remarks and to include extraneous matter.

Mr. RYAN (at the request of Mr. PATTEN), for 10 minutes, today.

(The following Members (at the request of Mr. DEL CLAWSON) and to revise and extend their remarks and include extraneous matter:)

Mr. CLARENCE J. BROWN, JR., for 5 minutes, today.

Mr. FINDLEY, for 30 minutes, today.

Mr. MOORE, for 20 minutes, on October 3.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks was granted to:

Mr. CURTIS and to include extraneous matter in his remarks during general debate on the tax bill.

Mr. WILLIS to revise and extend his remarks.

Mr. GRAY and to include extraneous matter.

Mr. KUNKEL to revise and extend remarks made in Committee of the Whole today on H.R. 17607 and to include extraneous matter.

Mr. DON H. CLAUSEN to revise and extend his remarks immediately following the remarks of the gentleman from Florida [Mr. CRAMER] and to add extraneous material.

Mr. PHILBIN in two instances and to revise and extend his remarks and include extraneous matter.

Mr. EVINS of Tennessee to revise and extend his remarks and include extraneous matter in the body of the RECORD.

(The following Member (at the request of Mr. DEL CLAWSON) and to include extraneous matter:)

Mr. MATHIAS.

(The following Members (at the request of Mr. PATTEN) and to include extraneous matter:)

Mr. WILLIAM D. FORD.

Mr. EVINS of Tennessee in two instances.

Mr. CORMAN in two instances.

Mr. VIVIAN during debate on H.R. 17607 and to include extraneous matter, charts, and tables.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1468. An act for the relief of Dorothy Eyre; and

S. 2295. An act for the relief of Guiseppe Rubino.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H.R. 11487. An act to provide revenue for the District of Columbia, and for other purposes;

H.R. 14019. An act to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes;

H.R. 14088. An act to amend chapter 55 of title 10, United States Code, to authorize an improved health benefits program for retired members of the uniformed services and their dependents, and the dependents of active duty members of the uniformed services, and for other purposes;

H.R. 16557. An act to provide for the refund of certain amounts erroneously deducted for national service life insurance premiums from the pay of former members of the organized military forces of the Government of the Commonwealth of the Philippines, and to amend title 38 of the United States Code to provide that certain payments under that title shall be made at a rate in Philippines pesos as is equivalent to $0.50 for each dollars authorized;

H.R. 16608. An act to amend the charter of Southeastern University of the District of Columbia; and

H.J. Res. 1308. Joint resolution making continuing appropriations for the fiscal year 1967, and for other purposes.

ADJOURNMENT

Mr. PATTEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes, p.m.), under its previous order, the House adjourned until Monday, October 3, 1966, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2769. A letter from the Administrator, Federal Aviation Agency, transmitting a report of the commissary operations for fiscal year 1966 in the Federal Aviation Agency, pursuant to the provisions of 5 U.S.C. 596a; to the Committee on Interstate and Foreign Commerce.

2770. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been finally concluded with respect to docket No. 79, *The Iowa Tribe of Indians, Petitioner* v. *The United States of America, Defendant*, and docket No. 145, *The Kickapoo Tribe of Indians, Petitioner*, v. *The United States of America, Defendant*, pursuant to the provisions of 60 Stat. 1055; 25 U.S.C. 70t; to the Committee on Interior and Insular Affairs.

2771. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been finally concluded with respect to docket No. 61, *The Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, Petitioner*, v. *The United States of America, Defendant*, pursuant to the provisions of 60 Stat. 1055; 25 U.S.C. 70t; to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLS: Committee on Ways and Means. H.R. 11782. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for additions to a reserve for certain guaranteed debt obligations, and for other purposes; with amendment (Rept. No. 2157). Referred to the Committee of the Whole House on the State of the Union.

Mr. BURLESON: Committee on House Administration. House Resolution 1028. Resolution providing funds for the Committee on House Administration (Rept. No. 2158). Referred to the House Calendar.

Mr. PATMAN: Committee on Banking and Currency. H.R. 18021. A bill to amend the Small Business Investment Act of 1958, and for other purposes (Rept. No. 2159). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROONEY of New York: Committee on Appropriations. H.R. 18119. A bill making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for the fiscal year ending June 30, 1967, and for other purposes (Rept. No. 2160). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 11660. A bill relating to interest on income tax refunds made within 45 days after the filing of the tax return; with amendment (Rept. No. 2161). Referred to the Committee of the Whole House on the State of the Union.

Mr. GARMATZ: Committee on Merchant Marines and Fisheries. H.R. 13447. A bill to authorize the Secretary of the Interior in cooperation with the States to preserve, protect, develop, restore, and make accessible estaurine areas of the Nation which are valuable for sport and commercial fishing, wildlife conservation, recreation, and scenic beauty, and for other purposes; with amendment (Rept. No. 2162). Referred to the Committee of the Whole House on the State of the Union.

Mr. FRIEDEL: Committee on Interstate and Foreign Commerce. H.R. 10700. A bill to authorize the Administrator of the Federal Aviation Agency to release restrictions on the use of certain real property conveyed to the city of Clarinda, Iowa, for airport purposes (Rept. No. 2163). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 13665. A bill to amend the Federal Airport Act to extend the time for making grants thereunder, and for other purposes (Rept. No. 2164). Referred to the Committee of the Whole House on the State of the Union.

Mr. GARMATZ: Committee on Merchant Marine and Fisheries. H.R. 14699. A bill to authorize the Secretary of the Interior to develop, through the use of experiment and demonstration plants, practicable and economic means for the production by the commercial fishing industry of fish protein concentrate; with amendment (Rept. No. 2165). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CUNNINGHAM:

H.R. 18112. A bill to amend the Internal Revenue Code of 1954 to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education and including certain travel; to the Committee on Ways and Means.

By Mr. HALPERN:

H.R. 18113. A bill to incorporate Pop Warner Little Scholars, Inc.; to the Committee on the Judiciary.

By Mr. PATTEN:

H.R. 18114. A bill to amend the U.S. Housing Act of 1937 to provide that future increases in social security benefits shall be disregarded in determining whether families in low-rent housing projects meet the applicable income limits; to the Committee on Banking and Currency.

By Mr. SWEENEY:

H.R. 18115. A bill to suspend, except for facilities to control air or water pollution, the investment credit and the allowance of accelerated depreciation in the case of certain real property; to the Committee on Ways and Means.

By Mr. VIGORITO:

H.R. 18116. A bill to amend the Internal Revenue Code of 1954 to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education and including certain travel; to the Committee on Ways and Means.

H.R. 18117. A bill relating to the status of volunteer firemen's organizations for purposes of liability for Federal income taxes and reports; to the Committee on Ways and Means.

By Mr. BOB WILSON:

H.R. 18118. A bill to provide for the admission into the Union, on an equal footing with the original States, of the Commonwealth of Puerto Rico; to the Committee on Interior and Insular Affairs.

By Mr. ROONEY of New York:

H.R. 18119. A bill making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies, for the fiscal year ending June 30, 1967, and for other purposes.

By Mr. DOWDY:

H.R. 18120. A bill to authorize the merger of two or more professional football leagues, and to protect football contests between secondary schools from football telecasts; to the Committee on the Judiciary.

By Mr. DUNCAN of Tennessee:

H.R. 18121. A bill to amend the act of September 30, 1961 (75 Stat. 732); to the Committee on the Judiciary.

By Mr. JOHNSON of Pennsylvania:

H.R. 18122. A bill to amend title II of the Social Security Act to provide for cost-of-living increases in the benefits payable thereunder; to the Committee on Ways and Means.

By Mr. KING of New York:

H.R. 18123. A bill to authorize the merger of two or more professional football leagues, and to protect football contests between secondary schools from professional football telecasts: to the Committee on the Judiciary.

By Mr. DINGELL:

H.R. 18124. A bill to authorize the merger of two or more professional football leagues, and to protect football contests between secondary schools fgrom professional football telecasts; to the Committee on the Judiciary.

By Mr. DULSKI:

H.R. 18125. A bill to amend section 13(a) of the Interstate Commerce Act to provide for an 18-month moratorium on the discontinuance of any passenger service by rail; to the Committee on Interstate and Foreign Commerce.

By Mr. ELLSWORTH:

H.R. 18126. A bill to amend the Internal Revenue Code of 1954 to allow an individual a deduction from gross income for depreciation of the value of his savings due to inflation; to the Committee on Ways and Means.

By Mrs. MAY:

H.R. 18127. A bill to amend the Internal Revenue Code of 1954 to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education and including certain travel; to the Committee on Ways and Means.

By Mr. MOSHER:

H.R. 18128. A bill to amend title 18 of the United States Code to prohibit travel or use of any facility in interstate or foreign commerce with intent to incite a riot or other violent civil disturbance, and for other purposes; to the Committee on the Judiciary.

H.R. 18129. A bill to amend the Internal Revenue Code of 1954 to allow an incentive tax credit for a part of the cost of constructing or otherwise providing facilities for the control of water or air pollution, and to permit the amortization of such cost within a period of from 1 to 5 years; to the Committee on Ways and Means.

By Mr. OTTINGER:

H.R. 18130. A bill to eliminate certain inequities between State-chartered and federally chartered financial institution in the conduct of interstate business; to the Committee on Banking and Currency.

By Mr. WILLIS:

H.R. 18131. A bill to authorize the merger of two or more professional football leagues, and to protect football contests between secondary schools from professional football telecasts; to the Committee on the Judiciary.

By Mr. O'HARA of Michigan:

H.R. 18132. A bill to promote health and safety in the building trades, and construction industry in all Federal and federally financed or federally assisted construction projects; to the Committee on Education and Labor.

By Mr. ROGERS of Colorado:

H.J. Res. 1311. Joint resolution authorizing the President to proclaim National Asthmatic Treatment Week; to the Committee on the Judiciary.

By Mr. TEAGUE of California:

H. Con. Res. 1025. Concurrent resolution expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to the Committee on Interstate and Foreign Commerce.

By Mr. WYATT:

H. Con. Res. 1026. Concurrent resolution expressing the sense of the Congress with respect to certain proposed regulations of the Food and Drug Administration relating to the labeling and content of diet foods and diet supplements; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mrs. BOLTON:

H.R. 18133. A bill for the relief of Dr. Amit Goswami; to the Committee on the Judiciary.

By Mr. BURTON of California:

H.R. 18134. A bill for the relief of Moon Yam Jew (also known as Kee Won Jang and Kee W. Jang); to the Committee on the Judiciary.

H.R. 18135. A bill for the relief of Sau Lin Chu (also known as Sow Sam Chu); to the Committee on the Judiciary.

By Mr. MORRISON:

H.R. 18136. A bill for the relief of Arnold Hardy Kimball; to the Committee on the Judiciary.

By Br. GERALD R. FORD (by request):

H.R. 18137. A bill to authorize the President to award the Medal for Merit to Oskar J. W. Hansen in recognition of his extraordinary artistic achievement in the execution of the sculpture Liberty at Yorktown; to the Committee on Armed Services.

By Mr. PICKLE:

H.R. 18138. A bill for the relief of Alfred Stewart McCorkle and Mrs. Joyce Anne Matthews McCorkle; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 18139. A bill for the relief of Francesco Fiordilino; to the Committee on the Judiciary.

By Mr. VAN DEERLIN:

H.R. 18140. A bill for the relief of Julita Sidiarin Hepolo; to the Committee on the Judiciary.

SENATE

FRIDAY, SEPTEMBER 30, 1966

The Senate met at 12 o'clock meridian, and was called to order by Hon. ALAN BIBLE, a Senator from the State of Nevada.

Rev. Edward B. Lewis, pastor, Capitol Hill Methodist Church, Washington, D.C., offered the following prayer:

O God, the hope of our Nation, we have sinned against Thee and each other as a country and a world. Help us, through this prayer of repentance of our sins, to find a new life of love, opportunity, and peace for all men.

Give wisdom to the rulers of our land. We pray for a just peace in Vietnam and throughout the world. We pray for brotherhood, understanding, and sound minds in our cities. We know that death, destruction, and hate must not reign in our streets.

Cause us to ponder what we have done and are doing to ourselves. Give us the inner resource to find a just solution to a feeling of injustice and persecution.

Implant within us a right spirit through the power of Thy holy spirit. We pray in the name of Jesus, our Lord. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 30, 1966.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. ALAN BIBLE, a Senator from the State of Nevada, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. BIBLE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, September 29, 1966, was dispensed with.

REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Pursuant to the order of the Senate of September 29, 1966,

Mr. McCLELLAN, from the Committee on the Judiciary, reported favorably, with an amendment, on September 29, 1966, the bill (S. 2191) to provide for the civil commitment of certain persons