By Mr. HAWKINS:

H.J. Res. 908. Joint resolution to designate the month of March of each year as Professional Social Work Month; to the Committee on the Judiciary.

By Mr. DENT:

H. Res. 871. Resolution authorizing the Speaker to administer the oath of office to John P. Murtha; to the Committee on House Administration.

By Mr. ASHBROOK:

H. Res. 872. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. BREAUX (for himself, Mr. ARCHER, Mr. BAUMAN, Mr. BURGENER, Mr. CHAMBERLAIN, Mr. CHAPPELL, Mr. DAN DANIEL, Mr. DENHOLM, Mr. DERWINSKI, Mr. DUNCAN, Mr. FULTON, Mrs. GREEN of Oregon, Mr. HAMMERSCHMIDT, Mr. HECHLER of West Virginia, Mr. HINSHAW, Mrs. HOLT, Mr. HUDNUT, Mr. HUBER, Mr. KETCHUM, Mr. LOTT, Mr. MANN, Mr. MATHIS of Georgia, Mr. MONTGOMERY, Mr. ROBINSON of Virginia, and Mr. SHOUP):

H. Res. 873. Resolution expressing the sense of the House of Representatives concerning the expenditure of money appropriated by the Congress for the Bicentennial celebration; to the Committee on the Judiciary.

By Mr. BREAUX (for himself Mr. SHUSTER, Mr. SIKES, Mr. WILLIAMS, Mr. CHARLES WILSON of Texas, Mr. YATRON, and Mr. YOUNG of Florida):

H. Res. 874. Resolution expressing the sense of the House of Representatives concerning the expenditure of money appropriated by the Congress for the Bicentennial celebration; to the Committee on the Judiciary.

By Mr. BRINKLEY:

H. Res. 875. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. CRONIN:

H. Res. 876. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. FLOOD (for himself, Mr. BENNETT, Mr. BROWN of Michigan, Mr. CHAPPELL, Mr. DEL CLAWSON, Mr. DOMINICK V. DANIELS, Mr. DENHOLM, Mr. DICKINSON, Mr. EILBERG, Mr. EVINS of Tennessee, Mr. FOUNTAIN, Mr. GAYDOS, Mr. HALEY, Mr. HOGAN, Mr. HOSMER, Mr. ROGERS, Mr. ROSE, Mr. SHRIVER, Mr. SIKES, Mr. SNYDER, Mr. SYMMS, Mr. WHITEHURST, Mr. CHARLES H. WILSON of California, Mr. BOB WILSON, and Mr. YOUNG of Florida):

H. Res. 877. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. ICHORD (for himself, Mr. DENT, Mr. ASPIN, Mr. HAWKINS, Mr. THONE, Mr. KYROS, Mr. VAN DEERLIN, Mr. BUCHANAN, Mr. GUDE, Mr. KUYKENDALL, Mr. DOMINICK V. DANIELS, Mr. BUTLER, Mr. MEZVINSKY, Mr. FORD, Mr. CHAPPELL, Mrs. BOGGS, Mr. CASEY of Texas, Mr. FISHER, Mr. JONES of North Carolina, Mr. MCDADE, Mr. WHITTEN, and Mr. PIKE):

H. Res. 878. Resolution declaring the sense of the House with respect to a prohibition of extension of credit by the Export-Import Bank of the United States; to the Committee on Banking and Currency.

By Mr. MARAZITI:

H. Res. 879. Resolution disapproving congressional pay raises; to the Committee on Post Office and Civil Service.

By Mr. MIZELL (for himself and Mr. YOUNG of South Carolina):

H. Res. 880. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. ROUSSELOT:

H. Res. 881. Resolution expressing the sense of the House that the Economic Stabilization Act of 1970 should not be extended; to the Committee on Banking and Currency.

By Mr. SARASIN:

H. Res. 882. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. WAGGONNER (for himself, Mr. FLOOD, Mr. CRANE, Mr. BLACKBURN, Mr. DAVIS of South Carolina, Mr. FISHER, Mr. FUQUA, Mr. MOLLOHAN, Mr. RARICK, and Mr. SATTERFIELD):

H. Res. 883. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO:

H.R. 12895. A bill for the relief of Frank Cappuccio; to the Committee on the Judiciary.

By Mr. YOUNG of Illinois:

H.R. 12896. A bill for the relief of Dr. Earl B. Sanborn, Jr.; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

350. By the SPEAKER: A memorial of the Senate of the State of Washington, relative to an accounting of American servicemen missing in action in Indochina; to the Committee on Foreign Affairs.

351. Also, memorial of the Senate of the State of Washington, relative to State matching funds requirements for highway construction; to the Committee on Public Works.

SENATE—*Tuesday, February 19, 1974*

The Senate met at 12 o'clock noon and was called to order by the President pro tempore (Mr. EASTLAND).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, Father of our spirits, at the threshold of this day's duty, we turn from the tension of our times and from the pressure of unfinished tasks, beseeching Thee to strengthen our finite weakness by Thine infinite power. Across the toiling hours of the day keep our hearts in tune with Thee.

Help us to hear the pleas of the people, but to hear more clearly the voice of the Eternal. Make us receptive to wisdom, however, mediated to us, even amid the contention and collision of debate.

May we ever heed the promptings of conscience, the corrections of Thy word, the clear guidance of Thy spirit. Equip us with grace and compassion that in these demanding days we may be Thy worthy servants. Hold ever before us the vision of that kingdom which is yet to come, the ruler of which is the Lord of Life, in whose name we pray. Amen.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, February 18, 1974, be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ATTENDANCE OF A SENATOR

Mr. VANCE HARTKE, a Senator from the State of Indiana, attended the session of the Senate today.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, informed the Senate that, pursuant to section 194 of title 14 of the United States Code, the chairman of the Committee on Merchant Marine and Fisheries had appointed Mr. MURPHY of New York, Mr. DE LA GARZA, and Mr. COHEN, as members and Mrs. SULLIVAN, an ex officio member of the Board of Visitors to the U.S. Coast Guard Academy for the year 1974.

The message also informed the Senate that pursuant to Public Law 301 of the 78th Congress, the chairman of the Committee on Merchant Marine and Fisheries had appointed Mr. DOWNING, Mr. ECKHARDT, and Mr. MOSHER as members and Mrs. SULLIVAN an ex officio member of the Board of Visitors to the U.S. Merchant Marine Academy for the year 1974.

The message announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 11864. An act to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling; and

H.R. 11873. An act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research.

BILL HELD AT THE DESK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the mes-

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sage from the House on H.R. 11864, to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling be temporarily retained at the desk.

The PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The PRESIDENT pro tempore. The Senator from Pennsylvania (Mr. HUGH SCOTT) is recognized.

Mr. HUGH SCOTT. Mr. President, I yield back my time.

REFERRAL OF COMMUNICATION ON UNIFIED TRANSPORTATION SYSTEM ACT OF 1974 TO COMMITTEES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a communication from the Secretary of Transportation on the Unified Transportation System Act of 1974 be jointly referred to the Committees on Banking, Housing and Urban Affairs; Finance; and Public Works.

The PRESIDENT pro tempore. Without objection, it is so ordered.

VACATING OF ORDER FOR SENATOR CHILES TO SPEAK TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the recognition of the distinguished Senator from Florida (Mr. CHILES) to speak today be vacated.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The PRESIDENT pro tempore. Under the previous order, the distinguished Senator from New Mexico (Mr. MONTOYA) is now recognized for not to exceed 10 minutes.

CHILI

Mr. MONTOYA. Mr. President, I have noted with interest and some amusement the "chili" war which seems to have been touched off at that famous Mexican restaurant, "The National Press Club," between two distinguished U.S. Senators from the States of Arizona and Texas.

When my fellow Senator from New Mexico, PETE DOMENICI, offered to settle the dispute by selecting the world's second best chili in a chili competition between the two bellicose chili-loving States, I applauded his diplomatic gesture and wished him well as a peacemaker.

However, recent events have forced me to speak out. The war of the chili has now spread to other States, with the Senator from Ohio (Mr. TAFT) and the Senator from Oklahoma (Mr. BELLMON) challenging the others for second place. I felt that I am perhaps in the best position to mediate and bring peace with honor back to the U.S. Senate and the National Press Club. It is certainly no time for further brushfire wars, over hot chilies, either red or green.

My special qualification for the mediation post is, of course, well known. I am the only Member of the Senate who can honestly say that when the Pilgrims landed at Plymouth Rock my ancestors were already in what is now New Mexico and already growing and cooking chilies. In fact, as I often tell students, they served pinto beans and chili to the Pilgrims.

The Spaniards who discovered the chili plant carried it north and east and west as they pioneered—but it is important to note that they carried it from its native land of New Mexico to other areas of what has since become the United States.

Out of respect for understandable sensitivities, I normally do not mention the handicaps of monoculturalism and monolingualism which are suffered by most of my colleagues in the Senate. However, in a case of this sort, where a specific cultural background is essential to a true understanding of the problem, I am sure that my friends will welcome my special taste talent which is so pertinent to settlement of the current chili battle. As any resident of New Mexico can testify, describing the absolutely perfect chili of New Mexico to those who were not born to the "pod" is like trying to describe the colors of a sunset to a friend born blind.

My sympathies to those fellow Senators who have risen to defend their States, brandishing stories of chilies grown or cooked in States other than New Mexico. But surely corn or bull would be a more appropriate weapon for them.

In order to clarify the position of the chili in the history of this continent and to speed a better understanding of the negotiations which I am prepared to pursue as mediator, I have requested that the publication "Chile" be sent from the New Mexico State University Cooperative Extension Service to all Senators, and that several copies be made available to the National Press Club for use by investigative reporters who wish to properly cover hot stories and raise national steam levels.

In addition to the more formal history of the "Chile" pamphlet, I will also send copies of "Della Montoya's Famous Recipes," a publication much sought after by those who know their chili facts.

I hope, Mr. President, that my remarks will be accepted in their spirit of friendship and multicultural understanding.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. MONTOYA. I yield.

Mr. ERVIN. Mr. President, I merely want to say that the eloquent statement about chili, by the distinguished senior Senator from New Mexico, has convinced the Senator from North Carolina that his is the next best dish to North Carolina barbeque.

I thank the Senator from New Mexico for yielding.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, how much time remains to the distinguished Senator from New Mexico?

The PRESIDENT pro tempore. The Senator from New Mexico has 6 minutes remaining.

Mr. ROBERT C. BYRD. Mr. President, does the Senator from New Mexico intend to use the remainder of his time?

Mr. MONTOYA. No, I yield back the remainder of my time.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, if the Senator from New Mexico has no objection, that his remaining time be allocated to the senior Senator from North Carolina.

The PRESIDENT pro tempore. Is there objection?

Mr. MONTOYA. I have no objection.

(The remarks Senator ERVIN made at this point on the introduction of S. 3013 and S. 3014 are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

The PRESIDING OFFICER. Under the previous order, the Senator from Connecticut (Mr. WEICKER) is recognized for not to exceed 15 minutes.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. GRIFFIN. To be charged against the Senator from Connecticut.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may proceed at this time under the order, without prejudice to the distinguished Senator from Connecticut.

The PRESIDING OFFICER. Without objection, it is so ordered.

DÉTENTE

Mr. ROBERT C. BYRD. Mr. President, it is only in the recent past that détente has occupied a prominent place in the lexicon of American diplomacy. Until the advent of Communist aggression in Korea, and later, in Southeast Asia, the conduct of U.S. foreign policy necessitated little or no "relaxation of strained relations or tension—as between nations"—as détente is defined in the dictionary.

Now, however, the pursuit of détente with Soviet Russia and the Peoples's Republic of China are two of the basic and most prominently exposed facets of U.S.

foreign relations. This policy of détente has its adherents, and it has its detractors. In the present political climate in America, they are almost equally divided. I would like to pose the question: What is the alternative?

First, let me offer a definition of what détente does not mean. It does not mean that we accept the ideology or the values or endorse the form of government of the Soviet Union or the People's Republic of China. It does not mean that the United States, in the pursuit of détente, should in the slightest degree jeopardize the security or stability of this Nation, without being assured of a reciprocity which *would guarantee* a continuation of equable power relationships. It does not mean that we should seek in symbolic fashion an aura of better relations—détente through documents—without first developing sure and substantive underpinnings.

The rationale for détente is very simple. It is that war between the United States and Soviet Russia or the People's Republic of China is unthinkable for reasonable men in all three countries. Further, it is a venture born of the instinct for self-preservation, which, hopefully, will evolve into a process with tangible benefits in human, scientific, and economic contacts and exchanges.

While the policy of détente is still in its relative infancy, it is in stark contrast to the major power relationships of just a decade ago. Then, our relations with the U.S.S.R. were still in the shadow of the Cuban missile crisis and the Berlin confrontation. Our relations with the People's Republic were nonexistent. The Vietnam war was beginning to escalate, and the Communist powers were espousing revolution through the so-called wars of national liberation.

It is indisputable that our current relations with Russia and China are noticeably improved, but a legitimate question arises. Have we moved too far, too fast, and too trustingly? This is impossible to judge for anyone not privy to the innermost negotiations between the leaders of the nations concerned. History shows that the negotiations and agreements between nations that are disseminated to the people are seldom of equal significance with the negotiations and agreements that are conducted in private. Those of us who are outside these private realms can only hope that the men entrusted with the representation and protection of our Nation's vital interests are at all times aware that history is replete with examples of trust betrayed.

If we accept the premise that prevention of war is the prime object of détente, we should, nevertheless, look beyond the purely strategic questions. We should attempt to determine under what circumstances we should build a broader pattern of relations with the Soviets and with the People's Republic.

For détente to be successful, it is necessary that all parties focus realistically on the tough issues that are the source of international friction. It was not until the United States, the United Kingdom, and France, on the one hand, and the U.S.S.R., on the other, took a realistic look at their differences over the status of Berlin that a tolerable agreement was reached, assuring access between West Berlin and West Germany. Agreement having been reached on this seemingly insoluable question, it was then possible to apply the same criteria to other tough military and political issues in Europe. The Vienna talks on mutual and balanced force reductions, and the Geneva Conference on Security and Cooperation in Europe are outcomes of this pragmatism.

This same realism underlies the objectives of the SALT talks, and is also at the heart of the June 1973, Agreement on the Prevention of Nuclear War between the United States and the U.S.S.R. Though the pace of these negotiations on such sober issues is frustratingly slow, that is the nature of diplomacy. It is reasonable to assume that eventually the mutually desired objectives will be attained, just as long as the channels of communication are kept open. As long as there is reasonable dialogue between the nations concerned—as long as friction, confrontation, and political warfare are kept to a minimum—it is possible to move forward in the field of economic relations. For, in the final analysis mutually advantageous trade between nations is the best guarantee for the avoidance of a military confrontation. No treaty or agreement has ever been stronger than national self-interest.

In the decades of the 1950's and the 1960's, it was valid to ask if by supplying the U.S.S.R. with American foodstuffs, consumer goods, industrial equipment, and technology, the United States was not freeing Soviet resources that might be channeled into military production, to the detriment of U.S. security. This question is not now critical, as Soviet economy, though slow and erratic in its growth since World War II, has for some years been able to devote increasing portions of that growth to consumer benefits without detriment to military potential.

If the policy of détente has a danger, it is that increasing levels of its success carry with them the potential for mindless euphoria and uncritical complacency. As much as a lessening of international frictions and a relaxation of international tensions are to be desired, they must not be won, in the slightest degree, at the expense of U.S. security and stability. If the day ever comes when the policy of détente is an unqualified success, and the possibility of military confrontation becomes extremely remote, then, and only then, might it be possible for the United States to reduce our commitment to defense security.

This is not to say that I approve of, or could even personally tolerate the social and political repression that apparently is standard operating procedure in the Soviet Union—anymore than I approve of, or could tolerate, the caste system in India, which, though banned under the Indian Constitution, is still very much a part of life on the Indian subcontinent; or the economic and social repression practiced by the oligarchies in certain of the countries of Latin America. But what we, as a nation, can morally approve, and what we must tolerate in order to maintain our position as a leading influence in the world community, are vastly different.

In the New York Times of Thursday, February 14, there was published "A Brief Essay on the Ontology of Ethical Principles in International Affairs" written by Irwin Berger, professor of English at the Bronx Community College. The essay, in its entirety, read:

> National governments are primarily mercantile enterprises. Allegiance to ethical behavior between and among countries is contingent on secure financial relationships.

The moralists will condemn this view as being dangerously cynical. The pragmatists will applaud its practicality. But whether we condemn or applaud, there is no denying that the brief essay contains a significant element of truth. With the possible exception of the American Revolution, men have not moved against men for spiritual as against material reasons since the defense of Christendom against the Saracen.

More than any other single happening, the expulsion of Aleksander Solzhenitsyn from his native land to West Germany, has called into question the desirability of our policy of détente with the Soviet Union. This further example of repression of individual liberty by the Soviet Government will inevitably cause further erosion in the base of support in the United States for the détente policy. But, though the outrage that is being expressed in America is understandable, it must not be allowed to influence our official attitudes to the exclusion of commonsense, or to jeopardize the course of official negotiations directed toward America's enlightened self-interest. This latest display of the Kremlin's inhumanity to man does not override the need for further relaxation of tension, and a reduction of the risk of nuclear conflict between the world's two most powerful nations. And, as a practical matter, apart from the philosophy of when to conduct business with whom, blanket condemnation of Soviet internal policies on moralistic grounds and the overuse of leverage by economic means are not likely to succeed with the U.S.S.R. In fact, and despite some American claims to the contrary, the Soviets have moved to a noticeable degree on the vexing question of freedom to emigrate, over the past year. What was a trickle of emigrants from Russia has now grown to thousands. I am informed by our Government that the education taxes that were levied on many Soviet citizens—especially Jewish citizens—are not, in fact, being collected.

So, however antithetical to American ideals and to the American system of government the Soviet system may be, it is naive for us to expect that the Soviet Union will make a formal admission that its system is wrong, or that it will codify to the world and to its own citizens that a new set of values is being accepted in response to pressures from the United States or anywhere else. The Soviets have softened their stance on some key points, but have done so tacitly. I believe that they will continue to do so. But I do not believe, nor do I expect, that the U.S.S.R. will make a public capitulation. To think that they will is to be unrealistic. We cannot remake Russia in our image and after our own likeness.

This, however, does not mean that we cannot realistically hope to influence change in the Soviet Union, bearing in mind the limits of pride of a powerful, sovereign state. But the prerequisite to such an accomplishment is relief from the dangers of physical confrontation. This danger is gradually receding on the foundation of agreements concluded between the United States and the U.S.S.R. over the past 3 years. If this basic sense of security is achieved, the most reasonable way for the United States to work for long-range change in the Soviet Union is through a broader front of interrelated interests to be developed between the two countries over what could be a long period of time. This will involve expansion and deepening of the ties between groups, enterprises, and individuals. In this endeavor, there is no room for false optimism. Success, if it comes, will not be rapid. But what chances there are for success will not be helped by an overabundance of emotionalism, or a reluctance to balance our inherent idealism by the pragmatism of self-interest.

The United States must attempt to build on the foundations that détente has built to date—flimsy as they may be. We must do so with our eyes open. We must drive hard bargains, with high but realistic prices. We must do so while maintaining good relations with our old friends and allies. We must do so without jeopardy to our national security for as long as the possibility of failure exists. To lower our defenses at home or abroad without assuring ourselves that corresponding steps toward a lower armed profile are being taken by the Soviets is both wishful thinking and bad negotiating.

I believe that pursuit of the policy of détente is a sortie worth making, just as long as we remember the military maxim that no competent leader makes a sortie without insuring the invulnerability of his base. And, Mr. President, I repeat the question that I posed earlier in this speech—what is the alternative?

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator has a minute and a half remaining.

Mr. ROBERT C. BYRD. I yield my remaining time to the distinguished majority leader.

THIRD UNITED NATIONS LAW OF THE SEA CONFERENCE—APPOINTMENT BY THE VICE PRESIDENT

Mr. MANSFIELD. Mr. President, through an inadvertence yesterday, the name of the Senator from New York (Mr. BUCKLEY) was left off the list of delegates to the Third United Nations Law of the Sea Conference to be held in Caracas, Venezuela, June 20 through August 29, 1974. I send a memorandum to the desk and ask that the Presiding Officer act on it.

The PRESIDING OFFICER (Mr. CLARK). The Chair, on behalf of the Vice President, appoints the Senator from New York (Mr. BUCKLEY) to attend the Third United Nations Law of the Sea Conference to be held in Caracas, Venezuela, on June 20 through August 29, 1974, in addition to the group appointed yesterday.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Connecticut is recognized for not to exceed 15 minutes. The Senator has 13 minutes remaining.

(The remarks Senator WEICKER made at this point on S. 3015, the Mandatory Gas Rationing Act of 1974, are printed in the RECORD under Statements on Introduced Bills and Joint Resolutions.)

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Ohio (Mr. TAFT) is recognized for not to exceed 15 minutes.

SPECIAL PROSECUTOR

Mr. TAFT. Mr. President, media reports over the last week and correspondence received by the Senate Judiciary Committee from Mr. Jaworski point to the increasing possibility of a further showdown between the counsel to the President and the Office of Special Prosecutor. Without making a determination of the legal merits of either position, I believe the potential for confrontation once more makes it absolutely crucial for the Congress to enact legislation to insure the necessary independence and authority to the Special Prosecutor. If such action is not taken by the Congress, it seems likely to reflect on the decisions and actions of Mr. Jaworski, the Attorney General, and possibly on the President's counsel. Legislation directed at the objective of independence for the Office of Special Prosecutor was reported by the Senate Judiciary Committee December 3, 1973—S. 2611, introduced by Senators HART and BAYH, and S. 2642, introduced by Senator HRUSKA and myself. Pursuant to a decision of the distinguished majority leader both proposals remain on the Senate Calendar without any known action contemplated. I thought this decision to be in error at the time it was made and so stated on the floor. Recent events confirm my apprehensions.

I point out that the pressures I refer to with regard to the Special Prosecutor can come from either side, or both sides, with regard to any decision he may make. One decision may place him in the jeopardy of being discharged by the White House. On the other hand, the pendency of either piece of legislation which would call for a new appointment of a Special Prosecutor hanging over his head from the Senate might be accused of being for the purpose of pressure on decisions he may make, in one direction or another, in carrying out his responsibilities.

Circumstances parallel to the dismissal of the former Special Prosecutor Cox, the former Attorney General, and his deputy, must not be permitted to develop again. The investigations and legal actions initiated by the Office of Special Prosecutor must not be interrupted or terminated. Congress should enact legislation to insure the independence of the Office of Special Prosecutor.

It is not fair to Mr. Jaworski, the Attorney General, or the President's counsel to leave this whole area in limbo.

Therefore, I am today making written requests to both Senator SCOTT and through him to Senator MANSFIELD, asking expeditious floor consideration of the proposals pertaining to the Office of Special Prosecutor that are on the Senate Calendar. If the leaderships' position remains unchanged on consideration of this matter, I expect to initiate appropriate action to try to bring consideration of this subject by the full Senate. I believe this matter is serious enough to merit such an initiative.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. TAFT. I am glad to yield.

Mr. MANSFIELD. The leadership appreciates the request made by the distinguished Senator from Ohio, but I would hope that the Senator would be aware of the custom, the precedent, the procedure in this body which normally leaves the determination as to what should be called up to the joint leadership.

The Senator may recall that it was largely through the efforts of the Senator from Montana now speaking that debate was shortened on the Special Prosecutor bills and that the Senator from Montana at that time said that the retention of these two proposals on the calendar, one by the distinguished Senator from Michigan (Mr. HART) and other Senators, and the other by the distinguished Senator from Ohio (Mr. TAFT), would serve as insurance and assurance to Mr. Jaworski so that there would be no repetition of what had occurred to Mr. Cox. The purpose was to serve notice that if there was such a repetition, it would then be the intention of the leadership of the Senate to call up legislation dealing with an independent Special Prosecutor immediately.

While there have been straws in the wind which indicate that relations are not as good as they might be, if the press is to be believed, between the Special Prosecutor and Mr. James St. Clair, who represents the White House, I would urge the Senator from Ohio to give the leadership a little time on this and to see how things develop in the meantime.

Mr. TAFT. I thank the distinguished majority leader for his comments. I greatly appreciated, early in December when we were considering the Special Prosecutor legislation, the agreement of the leadership to keep these bills pending, keep them on the calendar, keep them ready for consideration. However, as I recall, in a colloquy with the distinguished majority leader at that time, I pointed out that I felt that leaving the bills on the calendar was a mistake, because the decisions made by the Special Prosecutor in carrying out his responsibilities might be made under the shadow of the legislation. Either piece of legislation would call for appointment of a

Special Prosecutor. At that time it was obvious that it would be Mr. Jaworski. Whether that is so obvious now remains to be seen.

I do feel that we have gotten to the situation where decisions made by Mr. Jaworski under the responsibilities he has are going to be considered by many to have been made under the threat either that Congress is going to move to replace him or that he might be subject to discharge, as he is legally, by the Attorney General, under the same pattern that was followed in the Cox case. I believe the situation is becoming an intolerable one, one in which the Senate and the Congress have an obligation to act to give notice to the public generally of the specific responsibilities which the Special Prosecutor has, so that he can carry out his duties without being under any shadow.

Mr. MANSFIELD. Mr. President, I do recollect the colloquy we had. It seems that neither of us has changed his position since then. However, I would point out that certain commitments were made by Mr. Jaworski to the Committee on the Judiciary. I would further point out that at the first hint of difficulty he communicated with the Judiciary Committee as part of the agreement.

It is my understanding that he has the full confidence of the Judiciary Committee. I am certain that he has the full confidence of the Senate. I daresay that he has the full confidence of the Congress and the American people. So those are factors which I think we ought to consider because he is not going to be fired by our former colleague, the Attorney General, who, when he was at the hearings on his confirmation, went pretty far out in stating what his support of Mr. Jaworski would be.

I certainly do not anticipate that the President would fire Mr. Jaworski because he was, in effect, the President's choice.

If the Senator would allow us a little time, let us see how things come out.

Mr. TAFT. Mr. President, I appreciate the remarks of the distinguished Senator from Montana. I say that the reason I am here today repeating the statement I made at that time is that certain statements made in the press would leave this impression with the American people. Like the Senator from Montana, I have confidence in Mr. Jaworski, and I am sure that all Senators have confidence in him. However, why should we handicap him and put him under a cloud. I think that he ought to be above suspicion in this case. And I think the type of implications that have been made in the press to the effect that Mr. Jaworski is in danger of being fired one way or the other cast doubt on the situation.

I know the commitments that have been made. I think that they will be honored. I do not think it will help to resolve this matter by having it held under a cloud with no specific authority given, as we could do under the bill for the Special Prosecutor.

Mr. MANSFIELD. Mr. President, I appreciate the comments of the distinguished Senator from Ohio. He knows how I feel about the Special Prosecutor. He is also aware that Judge Sirica and Judge Gesell, I believe, both indicated that they believe that this is the wrong way to proceed in the case of a special prosecutor.

I could not disagree with them more. I think that they are wrong. And I think that the Constitution gives Congress the power to create and select a Special Prosecutor.

I would again ask the Senator to allow us a little time and let us see how things develop, because we have not lost sight of these resolutions.

Mr. TAFT. Mr. President, I appreciate the comments of the Senator from Montana. Incidentally, by way of keeping the record straight, the comments of Judge Sirica and Judge Gesell are not to the effect that we have no power to appoint a special prosecutor. I think that the statements were made as a way of expressing reluctance, certainly on the part of Judge Sirica and the other judges of the District of Columbia, regarding any proposal we might consider by which judges might be called upon to appoint a special prosecutor.

Mr. MANSFIELD. The Senator is correct. Sometimes judges, like attorneys who appear before them, talk out of turn, too.

Mr. TAFT. Mr. President, I thank the distinguished majority leader, and I yield the floor.

ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from Michigan (Mr. GRIFFIN) is recognized for not to exceed 15 minutes.

TRIBUTES TO SENATOR AIKEN

Mr. GRIFFIN. Mr. President, unfortunately I was unable to be present in the Senate yesterday when tributes were paid to the distinguished senior Senator from Vermont (Mr. AIKEN), who announced during the recent recess that he would not be a candidate for reelection.

I want to join with those who expressed regret at his decision. I also join in expressions of understanding as to the reasons why he might want to go home and do some of the things that he has been unable to do since his service in the Senate began back in 1940.

There is no question that this body—and the Nation—will sorely miss GEORGE AIKEN when he does step down after his long and distinguished service.

In a real sense it can be said that he has become the voice of conscience and reason in the Senate. He has said what needed to be said, but always in a way that commands the respect and the attention of his colleagues on both sides of the aisle.

I suspect that one of the finest measurements of the kind of person he is would come from those who know him best—the people in Vermont.

For that reason, I thought it would be appropriate to add to the statements made yesterday. I therefore ask unanimous consent that a number of editorials which have appeared in the Vermont newspapers following his announcement be printed in the RECORD.

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

[From the Springfield (Vt.) Times Reporter, Feb. 15, 1974]

GEORGE D. AIKEN

The kind of senator and the kind of person George D. Aiken is can be summed up in his statement yesterday that he would not seek reelection to the U.S. Senate.

"In fairness to the people of Vermont, I am making this statement now," were his words.

A man of no pretense, his fairness and honesty is what have earned and retained the respect and support of Vermonters who have returned him to the Senate in five elections, with scarcely any opposition.

George D. Aiken, senior Republican in the Senate was never a highly partisan man. One of his good friends and the president with whom he had some of his longest and most intimate conversations was President Lyndon Johnson. He visited with President Truman nearly twice a week. In the style of the presidency of Richard Nixon, visits to the White House have been in late years much less frequent.

Elected to the Senate in 1940, Sen. Aiken served continuously since then with scarcely any opposition. In the last two elections he reported campaign expenditures of just $14 in 1962 and in 1968 of $17.09. He says that one dollar of that increase was because of an increase in postage rates.

His base was not a political machine that kept the votes in line election after election. Rather, his base was his personal integrity in a day when it has not become unusual to accumulate personal fortunes through the political process. It has been a sense of mutual trust which has been the strength of George Aiken's political career.

Sen. Aiken will be 82 in August. Like so many life long Vermonters, he said it simply to his Washington interviewer, "I want to go home."

He says he has much unfinished work at home and he wants to get back to it.

He will continue in his influential capacity, for there is yet much work for Sen. Aiken to do in Washington, and the chores he has set for himself back in Vermont may have to wait a bit, at least through the balance of the year.

It was a sincere and honest statement from a truly great but humble man—"I want to go home." More than one displaced Vermonter around the country would echo the Senator's sentiments.

For some, Vermont is a place you leave. For some it is a place to stay. For others it is a place to which you return. For George Aiken, it is all of these. He is truly Vermont's First Citizen.

[From the Barre (Vt.) Times Argus, Feb. 15, 1974]

SENATOR AIKEN STEPS DOWN

If Sen. Aiken could have seen the reaction in Vermont to his announcement Thursday that he would not seek re-election to a sixth term, he would probably have said in characteristic understatement: "I guess it caused a bit of a stir."

The size, depth, and breadth of the stir has not been even remotely divined yet, and probably won't be until all the races for all the offices the decision leaves in doubt have been firmly determined. But judging from the initial scramble, the voters may need a graph and a private appointment with a political analyst to tell who wants to do what to whom this November.

Like dice, it may also eventually turn out that any number can play for the three highest offices that Vermont has to offer—governor, the U.S. House, and the U.S. Senate. At the moment, a large factor in determining how those three races shape up will be what Democratic Gov. Thomas P. Salmon and freshman Republican Rep. Richard W.

Mallary decide to do now that Sen. Aiken has tipped over the first political domino.

In dark places where people gathered in Vermont Thursday, mumbled conversations could be heard that went like this: "If Mallary goes for the Senate, and Salmon goes for the Senate, who will go for the House? Or if Salmon goes for governor, what will House Speaker Kennedy do? Or if Chittenden County State's Atty. Patrick Leahy insists upon running for the U.S. Senate, instead of for governor, what will Salmon say?"

And, of course, people are wondering who Sen. Aiken may choose to endorse for his seat.

In most all quarters, though, despite the scrambling, most seem to be viewing Sen. Aiken's decision with complex and mixed emotions.

For Sen. Aiken's own part it can be no easy matter for a man with 33 years in Washington, much of them in the highest places of government, to step away from it all. And in these decidedly unsteady times it will be no easy matter for the Senate to lose a steady force such as Sen. Aiken either.

Yet by calling it a day at what will be age 82 this August, the senator has displayed the same kind of practical, no-nonsense wisdom that helped get him elected to the Senate in 1940, and four successive terms, in the first place.

And yet, he will be greatly missed in the Senate where he held the distinction in a frequently windy, overstating group of political people, of delivering speeches on the Senate floor that not only gained strength in understatement but were actually frequently listened to.

And the Presidents of the future may have a hard time deciding whom to go to, with Sen. Aiken gone, for the wealth of the Senate dean's information and advice about foreign policy matters that he always had for the asking for any President, regardless of political affiliation, and which he frequently gave.

But perhaps those who will miss Sen. Aiken the most in Washington will be the uncountable thousands in Vermont who, over the years, have come to regard Sen. Aiken as the man to call upon when they have tough problems with the giant, often impassive, Washington machinery that so frequently responded to the senator's touch.

Perhaps it is most fitting then, whether by coincidence or the senator's design, that on the day of his announced retirement he also announced that Washington was rethinking its earlier refusal to provide higher gasoline allocations to Vermont.

Either way, it appeared that the senator had once again caused Washington to respond "by causing a bit of a stir." And for that, Sen. Aiken can be assured that he is being thanked now and will be sorely missed later.

[From the Burington (Vt.) Free Press, Feb. 15, 1974]

SENATOR AIKEN'S RETIREMENT

The retirement of U.S. Senator George D. Aiken will dramatically change the nature of Vermont politics and will deprive the nation of one of its few truly independent legislators.

For four decades George Aiken has been something of an institution in Vermont. From the day he was elected town representative in 1931 through his two terms as governor and his initial election to the U.S. Senate in 1940 up to the present time, he has served his fellow Vermonters with an independence of mind which is unlikely to be duplicated by anyone who follows.

His contributions to the wellbeing of our state and our nation have been enormous, particularly in the fields of agriculture, foreign relations and atomic energy. He has championed the interests of rural America but has never been a captive of those interests. He has been a personal friend of many Presidents, notably Harry Truman, and his greatest influence undoubtedly was exerted behind the scenes away from the spotlights which so often dramatize merely the superficial and the ambitious.

Senator Aiken's great good friend, Senate Majority Leader Mike Mansfield, spoke yesterday of "this rock of integrity, this independent New Englander, this son of Vermont, who has contributed so much to his state, the nation and a better world understanding." We will be reading many such tributes in the following days—but unlike those accorded to most aging politicians, the tributes to George Aiken no matter how flowery cannot help but be understated.

Now, with the retirement of George Aiken, the influence of the Vermont Congressional delegation will be diminished considerably. The person who assumes his seat next January will have no seniority whatever, in contrast to Senator Aiken's ranking as dean of the Senate.

Robert Stafford will become Vermont's senior U.S. Senator, but he has served in the Senate only since 1971 and thus will exert hardly a shadow of the influence George Aiken has been accustomed to exerting for these many years past.

The retirement also is likely to end the era of the unopposed senatorial candidate in Vermont. George Aiken was the last opposed in a general election in 1962 (though he was later challenged in a primary election). Hereafter all senatorial elections promise to be hard-fought battles.

We believe Senator Aiken's decision to retire was a wise one, and we are more than a little amused that he made the decision after his reelection in 1968 but told nobody until yesterday. How typical of this independent Vermonter, who now can return to his beginnings in Vermont—to the cultivation of strawberries, to the neighborliness of humble people, and to the rest and peace so richly deserved.

[From the St. Johnsbury (Vt.) Caledonian Record, Feb. 15, 1974]

SENATOR AIKEN'S RETIREMENT

Vermont's George Aiken, the eighty-one year old dean of the United States Senate, announced his intention yesterday morning, not to seek reelection this November to another six year term in Washington.

We once again take the opportunity to express our gratitude to Senator Aiken, one of the most beloved political figures in the history of the Green Mountain State, for his many years of excellent and dedicated public service on behalf of Vermont and the nation. At a time when the Watergate scandals have caused many citizens to adopt a cynical attitude concerning our country's political processes, George Aiken remains a symbol of the most noble instincts within the American democratic system. Both the Republican and Democratic Parties in Vermont will be hardpressed to find a Senatorial candidate equal to the stature of this man who has ably served his constituents for over four decades.

Aiken's rise to political prominence within the state was meteoric during the 1930's when his fellow Vermonters selected him as a state representative from Putney, Speaker of the Vermont House of Representatives, Lieutenant Governor and then as chief executive of the Green Mountain State. Upon Aiken's election to his first term in the United States Senate in 1940, the dedicated public servant rapidly won the bipartisan respect of official Washington, and attained national recognition as the highest ranking Republican member of the Senate Foreign Relations Committee.

But despite the fact that Aiken's impressive legislative abilities rendered him an effective spokesman for Vermont's interests on Capitol Hill and in the counsels of six consecutive Presidents, Democratic State Chairman Philip Hoff indicated last fall that the Senator's age would be used as a campaign issue in the forthcoming elections. Although the "age issue" may have conceivably contributed to the electoral defeat of such senior legislators as Maine's Republican Margaret Chase Smith and Brooklyn Democrat Emanuel Celler, we do not doubt for one moment that the extraordinarily popular George Aiken would have been overwhelmingly reelected to yet another term in the United States Senate.

At the time Hoff called upon the Senator to retire (a statement which may well have been more damaging to Hoff's future political ambitions than to Aiken) we suggested that if age, in and of itself, is a barometer of noteworthy public service, the "young zealots" of the 1972 Committee to Re-Elect the President, would have proven a credit to their country, and this was decidedly not the case. But yet we think the Senator made a wise decision in choosing not to seek reelection. We are inclined to believe that the rigorous workaday schedule of hectic Washington could impose a rather severe physical strain upon any senior citizen and particularly a legislator as conscientious as Senator Aiken.

In any event, Senator Aiken sorely misses the hills of Vermont and thus has chosen to return to his state and its people. Upon his departure from Washington, George Aiken will leave to his Senatorial successor a political legacy which includes the championing of Vermont's economically hard-pressed farmers, a successful battle to restore some semblance of passenger rail service to our state, and a cosmopolitan perspective concerning the intricate nature of the international arena.

There is little wonder why this man is a legend in the Green Mountain State.

Mr. JAVITS. Mr. President, I would also like to say a word about GEORGE AIKEN, with whom I have been associated for so many years and in such an intimate manner, and lately as a Member of the Senate Foreign Relations Committee in which he is the senior member of our party.

He is quite an exemplar of the New England philosophy. He is fair in his comments, but very pithy as the Senator from Michigan has so properly said. He has spoken out when necessary and has been very useful in speaking out. He also has a great capacity for action and a disarming manner. When there is a real need, he acts decisively.

Perhaps the greatest tribute I can pay to our distinguished senior colleague is that his attitude is that of freshness and youngness with a willingness to look at any proposition in any manner and he has a remarkable freedom from any feeling of being bound and lashed down by precedent.

While precedent is probably GEORGE AIKEN's salient characteristic, it is what has made him a great American and a leader in this body, a position that he so richly deserves.

STATEMENT OF SENATOR MANSFIELD BEFORE SENATE DEMOCRATIC CONFERENCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that a statement I made before the Senate Democratic Conference this morning be printed at this point in the RECORD. In addition, I should note that the conference went on record, unanimously, as favoring an effort by the

leadership to establish a joint executive-legislative grouping to meet with appropriate representatives of industry and labor with a view to trying to think ahead on the Nation's needs.

The conference also gave unanimous support to a proposal of a special ad hoc committee chaired by Senator INOUYE providing for a consolidated, across-the-board committee to consider matters related to the energy situation.

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

REMARKS OF SENATOR MIKE MANSFIELD (D., MONTANA) BEFORE THE SENATE DEMOCRATIC CONFERENCE

In a statement which the Conference and the House Leadership asked me to make to the nation three weeks ago, I cited certain legislation which would be considered prior to the adjournment of the 93rd Congress. Since the items had previously been discussed with this Conference, I felt on reasonably sound grounds in doing so.

While the reaction to the speech was generally favorable, there were also indications of a deep-seated skepticism about the competence, not to speak of the efficiency of Congress, in dealing with public problems. I might note that this view of the Legislative Branch has existed for many decades. A recent widely-circulated poll showing the reputation of Congress at its lowest ebb suggests only that the criticism has now become harsher and more widespread. That confirms what many of us have suspected about the Watergate affair and its impact on the public. Not only the Presidency, but all politics, politicians and political institutions—the entire government—have suffered a devastating blow.

With that said, I would like to review the pending work of the Senate. In it is contained, I believe, the steps that must be taken at least in an initial way if we are to restore a degree of popular faith in this government. What we do or how well we do it in the next few months is not going to work any miracles of change in public attitude. That is not to be expected and, in any event, we are not here to gain public applause. We are here to discharge our responsibilities as best we know how. That is all that this Congress or any Congress can do for the people of the nation.

In this context I would note, first, that the Committee on Rules and Administration under the leadership of Senators Cannon and Pell has ordered reported a new measure dealing with elections. Included are public financing provisions and other significant features on limitations on campaign spending. It is my understanding that the bill was approved in Committee with only a single dissent and that it goes a long way to foreclose the excessive intrusion of the factor of wealth from any private source into the electoral process. I would hope that we will be able to move expeditiously on this proposed legislation when it is before the Senate. There may be, I believe, some technical procedural problems that must be resolved prior to consideration. These matters, however, should not delay the proposal.

Of equal urgency is the fuel crisis. Later today the Senate will vote on the Conference Report covering the Emergency Energy Act which includes a price roll-back. If the President wants to veto this bill, as some vague reports indicate, that is his responsibility. This should not dissuade us from exercising our separate legislative responsibilities as we see them.

We owe a great deal to Senator Jackson for his work on the Emergency Bill. There are also other members—Senators Magnuson, Mondale, Church, Cranston, Stevenson, Hart and others—who have offered legislation on a wide front designed to stimulate alternate sources of energy and to bend the performance of the oil and natural gas industries more in the direction of benefit for the people of the United States. Several of these proposals could be reported to the Senate prior to the Easter recess.

As for the remainder of the legislative program, I have asked each Chairman to give the highest priority to the following significant items:

(1) *An effective national health insurance system.* This is a revenue measure and must be considered initially by the House of Representatives. If the House acts on a national health insurance bill by the middle of the year, however, I would expect that the Senate could take up the legislation after the Independence Day recess and, hopefully, well before final adjournment.

(2) *An expansion of the housing system.* The Senate Committee on Banking, Housing and Urban Affairs has all but completed its mark-ups of the Omnibus Housing proposal. It should be ready for floor action in two weeks or so. Perhaps, then, those of limited means will be able, once again, to acquire and pay for homes.

(3) *A fair minimum wage.* The Senate Committee on Labor and Public Welfare has ordered reported a minimum wage bill that underwrites a modest living level in the face of an explosive inflation. It is my understanding that the report will be filed later this week so that the Senate may begin work on this measure within the next few days.

(4) *A system of no-fault automobile insurance.* This is an issue that has been pending in the Congress for too long. The procedural and other barriers that inhibited Senate action in the past hopefully have been erased. Many states have established their own systems of no-fault insurance. The Judiciary Committee has had an opportunity to review certain aspects of the proposed legislation. The bill is now on the Senate Calendar and it, too, should soon be scheduled for floor action.

(5) *An increase of Congressional control over the budget.* The budget bill devised last year by the Government Operations Committee is in the Committee on Rules and Administration on re-referral. By order of the Senate, the bill with that Committee's recommendations will be reported on February 25th.

(6) *A renewed commitment to excellence in education.* The Subcommittee on Education of the Committee on Labor and Public Welfare has reported the Omnibus Education Bill to the full Committee. The full Committee is expected to report the bill within the next few weeks.

From the Senate standpoint, then, these are the major legislative items which are to be considered in 1974. There will be others. There are programs that expire this year which must be reviewed and, as necessary, extended. There will be time, also this year, to address ourselves to the questions of providing more equity in the tax structure. There are measures dealing with the economy and inflation and with pollution and the environment. There are measures of consumer protection. And, of course, there are the appropriations bills on which Senator McClellan's Committee and the Senate will act expeditiously, as soon as the House processes and passes them.

Beyond these matters, I would report that since the initial Conference of the year, the Policy Committee has held two meetings in pursuit of an effort to identify and examine emerging issues of national and international concern. Dr. Walter Heller provided us with his professional judgments on the question of energy and the economy. In a similar fashion, the Secretary of State, Dr. Henry Kissinger, shared his great knowledge and sensitivity with regard to current international events in an extremely candid and highly useful encounter with your Committee.

There is one final matter which I should like to bring to your attention. You will recall that in my remarks to the nation on February 1, I set forth one proposal which had not previously been discussed in the Conference. I think the importance of this proposal is underscored by the highly unsatisfactory crash-program approach which we are currently pursuing in dealing with the ordeal of the energy crisis. Nor is this the first of these situations of sudden storms and hurriedly-erected shelters. Our recent history is pock-marked with them. Indeed, one might say that this wasteful, inefficient form of Federal intervention or bail-outs of faltering parts of the economy is now almost built into our system. I do not know that we can bring about a change but I am persuaded that, in the interests of the nation's future, we should be examining the possibilities of a better way. What I suggested to the nation, therefore, was that we ought not stop with our concern over the current energy shortage. Rather, we should look up from our immersion in this problem and take a look at the entire manner in which our national economic life has come to be organized. We should attempt to sort out the relative importance of demands on this government's resources in some orderly fashion and to anticipate and act in advance on gathering difficulties.

Unless we do have some coordinated machinery for this purpose, we will almost certainly be subject to a plague of unending crises in the years ahead. I would hope that this Conference, therefore, would give the Leadership its thoughts on this proposal and, if possible, record its support for bringing together, on a regular basis, representatives of the Executive Branch and the Legislative Branch with those of industry, labor and other areas of our national life for the purpose of thinking through and thinking ahead on the needs of the nation not only today but five or ten or more years. As I said in my remarks on February 1, "We owe this nation more than a decent present. We owe this nation leadership in the reach for a decent future."

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred, as indicated:

H.R. 11864. An act to provide for the early commercial demonstration of the technology of solar heating by the National Aeronautics and Space Administration and the Department of Housing and Urban Development, in cooperation with the National Bureau of Standards, the National Science Foundation, the General Services Administration, and other Federal agencies, and for the early development and commercial demonstration of technology for combined solar heating and cooling. Referred to the Committee on Aeronautical and Space Sciences.

H.R. 11873. An act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying out a program of animal health research. Referred to the Committee on Agriculture and Forestry.

TRANSACTION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, not to extend beyond the hour of 1:30 p.m., with statements made therein limited to 3 minutes.

Is there morning business?

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. THURSDAY, FEBRUARY 21

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10 o'clock a.m. on Thursday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM THURSDAY UNTIL MONDAY, FEBRUARY 25

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on Thursday next, it stand in adjournment until the hour of 12 o'clock noon on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

REPORT ON PROPOSED DISPOSAL OF CERTAIN LAND AT THE NASA GODDARD SPACE FLIGHT CENTER, GREENBELT, MD.

A letter from the Administrator, National Aeronautics and Space Administration, transmitting, pursuant to law, a report of proposed disposal of certain land at the NASA Goddard Space Flight Center, Greenbelt, Md. (with accompanying papers). Referred to the Committee on Aeronautics and Space Sciences.

PROPOSED LEGISLATION TO PROVIDE ADJUSTMENTS IN THE TOP LEVEL POLICY STAFF OF THE DEPARTMENT OF AGRICULTURE

A letter from the Assistant Secretary of Agriculture, transmitting a draft of proposed legislation to provide adjustments in the top level policy staff of the Department of Agriculture (with accompanying papers). Referred to the Committee on Agriculture and Forestry.

REPORT OF INSURED LOAN AND COMMITMENT OF A LOAN GUARANTEE TO UNITED POWER ASSOCIATION OF ELK RIVER, MINN.

A letter from the Administrator, U.S. Department of Agriculture, Rural Electrification Administration, transmitting, pursuant to request, information relating to a $36,470,000 insured loan and the commitment of a $199,668,000 loan guarantee to United Power Association of Elk River, Minn. (with accompanying papers). Referred to the Committee on Appropriations.

REPORT OF INSURED LOAN AND COMMITMENT OF A LOAN GUARANTEE TO COOPERATIVE POWER ASSOCIATION OF MINNEAPOLIS, MINN.

A letter from the Administrator, U.S. Department of Agriculture, Rural Electrification Administration, transmitting, pursuant to request, information relating to a $46,417,000 insured loan and the commitment of a $254,124,000 loan guarantee to Cooperative Power Association of Minneapolis, Minn. (with accompanying papers). Referred to the Committee on Appropriations.

REPORT OF FINAL DETERMINATION IN THE MINNESOTA CHIPPEWA TRIBE, ET AL., ON BEHALF OF THE CHIPPEWA INDIANS OF THE MISSISSIPPI AND LAKE SUPERIOR, PLAINTIFFS, VERSUS THE UNITED STATES OF AMERICA, DEFENDANT, DOCKET NO. 18-C

A letter from the Chairman, Indian Claims Commission, transmitting, pursuant to law, a report of final determination with respect to Docket No. 18-C, the Minnesota Chippewa Tribe, et al., on behalf of the Chippewa Indians of the Mississippi and Lake Superior, Plaintiffs, versus the United States of America, Defendant (with accompanying papers). Referred to the Committee on Appropriations.

REPORT OF REAPPORTIONMENT OF APPROPRIATION FOR THE DEPARTMENT OF AGRICULTURE FOR "FOREST PROTECTION AND UTILIZATION," FOREST SERVICE, FISCAL YEAR 1974

A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, reporting, pursuant to law, on the reapportionment of appropriation for the Department of Agriculture for "Forest Protection and Utilization," Forest Service, for the fiscal year 1974, on a basis indicating a need for a supplemental estimate of appropriation. Referred to the Committee on Appropriations.

REPORT OF SALE OR OTHER TRANSFER OF GOVERNMENT OWNED COMMUNICATIONS IN ALASKA

A letter from the Deputy Secretary of Defense, reporting, pursuant to law, on the sale or other transfer of Government-owned communications in Alaska. Referred to the Committee on Armed Services.

REPORT OF REAL AND PERSONAL PROPERTY OF THE DEPARTMENT OF DEFENSE

A letter from the Deputy Secretary of Defense, transmitting, pursuant to law, a report of Real and Personal Property of the Department of Defense, as of 30 June 1973, OASD (Comptroller), Directorate for Information Operations (with an accompanying report). Referred to the Committee on Armed Services.

REPORT OF REDUCTION OF TOTAL MILITARY STRENGTH OF THE DEPARTMENT OF DEFENSE

A letter from the Assistant Secretary of Defense, Manpower and Reserve Affairs, reporting, pursuant to law, on the reduction among the services of total military strength of the Department of Defense (with accompanying papers). Referred to the Committee on Armed Services.

SUPPLEMENTAL REPORT ON CERTAIN CIVILIAN EMPLOYEES

A letter from the Deputy Assistant Secretary of Defense, transmitting, pursuant to law, a supplemental report on certain civilian employees, for fiscal year 1973 (with an accompanying report). Referred to the Committee on Armed Services.

REPORT OF CERTAIN FEES FOR MILITARY CONSTRUCTION PROJECTS

A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report of the design and construction supervision, inspection, and overhead fees charged by the several construction agents for military construction projects of the military departments and defense agencies, for fiscal year 1973 (with an accompanying report). Referred to the Committee on Armed Services.

REPORT ON ARMY PERSONNEL ABOVE GRADE OF MAJOR RECEIVING FLIGHT PAY

A letter from the Acting Secretary of the Army, transmitting, pursuant to law, a report on the Department of the Army personnel above the grade of major receiving flight pay for the period July 1–December 31, 1973 (with an accompanying report). Referred to the Committee on Armed Services.

REPORT ON RELOCATION OF CERTAIN MILITARY ACTIVITIES

A letter from the Assistant Secretary of the Army (Installations and Logistics) transmitting, pursuant to law, a report on the facts, and justification of military activities at the inactive Military Ocean Terminal, Brooklyn, N.Y., to the Military Ocean Terminal, Bayonne, N.J. (with an accompanying report). Referred to the Committee on Armed Services.

PROPOSED LEGISLATION BY THE DEPARTMENT OF THE ARMY

A letter from the Secretary of the Army, transmitting a draft of proposed legislation to amend section 2575 of title 10, United States Code, to provide for more efficient disposal of lost, abandoned or unclaimed personal property that comes into the custody or control of military departments (with an accompanying paper). Referred to the Committee on Armed Services.

PROPOSED LEGISLATION BY THE DEPARTMENT OF TRANSPORTATION

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend the Federal-Aid Highway Act of 1973 as it relates to the conduct of charter bus operations by grantees of Federal financial assistance, and for other purposes (with an accompanying paper). Referred to the Committee on Banking, Housing and Urban Affairs.

PROPOSED UNIFIED TRANSPORTATION ASSISTANCE ACT OF 1974

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes (with accompanying papers). Referred to the Committee on Banking, Housing and Urban Affairs, the Committee on Finance, and the Committee on Public Works.

OCEAN POLLUTION

A letter from the Secretary of Commerce, reporting, pursuant to law, on the status of reports required to be transmitted to the Congress on ocean pollution. Referred to the Committee on Commerce.

REPORT ON FAIR PACKAGING AND LABELING ACT

A letter from the Chairman, Federal Trade Commission, transmitting, pursuant to law, a report concerning the implementation and administration of the Fair Packaging and Labeling Act by the Commission during fiscal year 1973 (with an accompanying report). Referred to the Committee on Commerce.

REPORT OF MARINE MAMMAL COMMISSION

A letter from the Chairman, Marine Mammal Commission, transmitting, pursuant to law, a report of the Commission for calendar year 1973 (with an accompanying report). Referred to the Committee on Commerce.

REVISED PROSPECTUS FOR CONSTRUCTION OF NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION COMPLIANCE TEST FACILITY

A letter from the Secretary of Transportation, transmitting, pursuant to law, a revised prospectus for the National Highway Traffic Safety Administration Compliance Test Facility which is to be constructed near Columbus, Ohio (with accompanying papers). Referred to the Committee on Commerce.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the Commonwealth of Massachusetts. Referred to the Committee on Appropriations:

"RESOLUTIONS MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO ENACT LEGISLATION APPROPRIATING THREE MILLION, ONE HUNDRED THOUSAND DOLLARS, FOR THE ADMINISTRATION OF THE MASSACHUSETTS DEPARTMENT OF EMPLOYMENT SECURITY'S UNEMPLOYMENT COMPENSATION SYSTEM

"Whereas, The Massachusetts labor force has been significantly reduced as a direct result of the present economic recession, the current energy crisis, as well as military shutdowns; and

"Whereas, In Massachusetts, unemployment claims have increased by twenty-four per cent in the past year while federal funding has decreased by eighteen per cent; and

"Whereas, Said federal funding for the administration of the Commonwealth's unemployment compensation system has been depleted; now, therefore, be it

"*Resolved*, That the Massachusetts Senate hereby respectfully and urgently memorialize the Congress of the United States to appropriate the three million, one hundred thousand dollars, necessary for the administration of the Massachusetts Division of Employment Security's unemployment compensation system; and be it further

"*Resolved*, That copies of these Resolutions be transmitted forthwith by the Clerk of the Senate to the presiding officer of each branch of Congress and to each member thereof from the Commonwealth."

A resolution of the Commonwealth of Massachusetts. Referred to the Committee on Finance:

"RESOLUTIONS MEMORIALIZING THE PRESIDENT OF THE UNITED STATES AND THE CONGRESS OF THE UNITED STATES TO TAKE IMMEDIATE ACTION TO ALLEVIATE THE BURDEN IMPOSED UPON THE AMERICAN PEOPLE BY THE ENERGY CRISIS

"Whereas, The United States Department of Justice has the power to investigate and prosecute any illegal activities engaged in by corporations controlling the flow of energy to homes and businesses; and

"Whereas, The Federal Cost of Living Council has the authority to control the radical price increases of petroleum products; and

"Whereas, The Federal Power Commission has the authority to protect consumers from being penalized by the energy crisis while oil industry profits go unchecked; and

"Whereas, Said aforesaid federal agencies have the power to regulate the discovery, production and bulk delivery of oil products and to provide for an equitable distribution of such products throughout the nation; now, therefore, be it

"Resolved, That the Massachusetts Senate hereby urges the President of the United States and the Congress to take immediate action, including necessary legislation, to prevent large oil corporations or any other persons from making excess profits while the people of the United States endure an unconscionable sacrifice and bear a tremendous financial burden; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the Clerk of the Senate to the President of the United States, to the presiding officer of each branch of the Congress and to each member thereof from the Commonwealth."

A resolution of the Commonwealth of Massachusetts. Referred to the Committee on Labor and Public Welfare:

"RESOLUTIONS MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO ENACT LEGISLATION PROVIDING FINANCIAL ASSISTANCE FOR RESEARCH ACTIVITIES RELATIVE TO THE SUDDEN INFANT DEATH SYNDROME

"Whereas, Sudden infant death syndrome is the largest killer of infants between the age of one month and one year and there is to date no known cause, preventive measures or cure for this affliction; and

"Whereas, The Commonwealth has in nineteen hundred and seventy-three enacted several statutes which aid in the detection and research relative to sudden infant death syndrome, but federal financial assistance is necessary to effectively eliminate sudden infant death syndrome; and

"Whereas, The Congress of the United States is presently considering two proposals, S. 1745 and H. R. 10490, which provide funds for research activities and study of this syndrome; now, therefore, be it

"*Resolved*, That the Massachusetts Senate hereby respectfully and urgently memorializes the Congress of the United States to enact such legislation to identify and prevent sudden infant death syndrome; and be it further

"*Resolved*, That copies of these resolutions be transmitted forthwith by the Clerk of the Senate to the presiding officer of each branch of Congress and to each member thereof from the Commonwealth."

A resolution of the Commonwealth of Massachusetts. Ordered to lie on the table:

"RESOLUTIONS MEMORIALIZING THE FEDERAL GOVERNMENT OF THE UNITED STATES TO CONSIDER THE SPECIAL NEEDS OF THE PHYSICALLY HANDICAPPED IN FORMULATING ANY GASOLINE RATIONING PLAN

"Whereas, This country is faced with an energy crisis which may necessitate the rationing of gasoline; and

"Whereas, The federal government is now developing contingency plans for said rationing; and

"Whereas, The physically handicapped cannot, in most cases, use alternative methods of transportation, such as public transportation; and

"Whereas, Many physically handicapped people must use their automobiles to get to work, shopping, etc.; and

"Whereas, The automobile is not just a convenience but a necessity for the physically handicapped; now, therefore, be it

"*Resolved*, That the Massachusetts Senate hereby respectfully and urgently memorialize the United States Government to consider the special needs of the physically handicapped in formulating any gasoline rationing plan; and be it further

"*Resolved*, That copies of these resolutions be transmitted forthwith by the Clerk of the Senate to the President of the United States, to the Director of the Federal Energy Office, Richard E. Simon, to the presiding officer of each branch of Congress and to each member thereof from the Commonwealth."

A resolution of the Nebraska Legislature. Referred to the Committee on the Judiciary:

"LEGISLATIVE RESOLUTION 19

"Whereas, there should be an amendment to the Constitution of the United States providing that no student shall be assigned to nor compelled to attend any particular school on account of race, religion, color, or national origin, or bussing used for such purpose.

"Now, therefore, be it resolved by the members of the 83d Legislature of Nebraska, second session:

"1. That the Congress of the United States propose an amendment to the Constitution of the United States to read as follows:

"ARTICLE —

" 'No student shall be assigned to nor compelled to attend any particular public school on account of race, religion, color, or national origin, or bussing used for such purpose.'

"2. That a copy of this resolution be sent to each individual member of the House of Representatives of the United States, to each senator of the United States, to the President of the United States, and to the Vice President of the United States."

A resolution of the Assembly of the State of New York. Ordered to lie on the table:

"RESOLUTION No. 28

"Assembly resolution memorializing the Congress of the United States to proceed with effective action in coping with the energy crises

"Whereas, Petroleum prices continue to rise to heretofore unprecedented levels in both the nation and New York State; and

"Whereas, At the present time, there appears to be little anticipation of relief from these increased prices in the immediate future; and

"Whereas, The continued scarcity of petroleum products in both the nation and New York State is causing widespread economic repercussions in increased costs for business and domestic purposes, and has an effect on all aspects of daily life of our citizens; and

"Whereas, The federal government has failed to act in halting this unprecedented rise in petroleum prices; and

"Whereas, The petroleum producers are reaping the rewards in excess profits from these increased prices caused by the alleged scarcity of petroleum; and

"Whereas, We must place the petroleum industry and the federal government on notice that the petroleum industry cannot continue to take unfair advantage of the citizens of this State, and of the nation, and that these prices must be rolled back, and the petroleum industry taxed on the excess profits they reap from such prices, now therefore, be it

"*Resolved*, That the Congress of the United States be and it hereby is memorialized to enact the necessary legislation to roll back the prices on petroleum products to levels that Congress shall determine are compatible to the well-being of the citizens of the United States and to the economy and to impose any tax on those profits, which were made as a result of the petroleum industry's recent unparalleled price increases, and be it further

"*Resolved*, That a copy of this resolution be transmitted to each and every United States congressman from the state of New York, and to the clerk of the House of Representatives."

A resolution of the Winnebago County Board of Illinois, regarding Community Development and Housing Programs. Referred to the Committee on Banking, Housing, and Urban Affairs.

A resolution adopted by the Rice Millers' Association, Washington, D.C., relating to the production of rice. Referred to the Committee on Banking, Housing and Urban Affairs.

A resolution adopted by the Long Island Federation of Women's Clubs, Inc., praying for the protection of all U.S. fishing boats from interference and harassment. Referred to the Committee on Commerce.

A resolution adopted by the City of Youngstown, Ohio, praying for the enactment of legislation to increase personal and dependent income tax exemptions. Referred to the Committee on Finance.

A resolution adopted by the Long Island Federation of Women's Clubs, Inc., opposing the establishment of a new cabinet rank department devoted to consumer affairs. Referred to the Committee on Government Operations.

A resolution adopted by the Harborview Medical Center, Seattle, Wash., praying for the enactment of legislation to declare January 15 a State and national holiday. Referred to the Committee on the Judiciary.

A resolution adopted by the Long Island Federation of Women's Clubs, Inc., relating to amending the Federal and State basic educational opportunity grant program. Referred to the Committee on Labor and Public Welfare.

A resolution of the Executive Committee, National Conference of Federal Trial Judges

in support of an increase in judicial salaries. Referred to the Committee on Post Office and Civil Service.

A resolution adopted by the California Federation of Republican Women, in support of thorough investigation of office staffs of all Members of Congress. Referred to the Committee on Post Office and Civil Service.

A resolution adopted by the city of Youngstown, Ohio, urging the U.S. Government to initiate legislation appropriating moneys to the cities to include elimination of architectural barriers for the handicapped. Referred to the Committee on Public Works.

A letter in the nature of a petition, from the Association for the Study of Afro-American Life and History, Inc., transmitting a kit for the 48th annual observance of African-American History Week. Ordered to lie on the table.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that, on today, February 19, 1974, he presented to the President of the United States the enrolled bill (S. 37) to amend the Budget and Accounting Act, 1921, to require the advice and consent of the Senate for future appointments to the offices of Director and Deputy Director of the Office of Management and Budget, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HASKELL, from the Committee on Interior and Insular Affairs, with amendments:

S. 2394. A bill to authorize the acquisition of certain lands for addition to Rocky Mountain National Park in the State of Colorado, and for other purposes (Rept. No. 93-687).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. METCALF, from the Committee on Interior and Insular Affairs:

Thomas V. Falkie, of Pennsylvania, to be Director of the Bureau of Mines.

(The above nomination was reported with the recommendation that the nomination be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. ERVIN (for himself, Mr. RIBICOFF, and Mr. METCALF) (by request):

S. 3013. A bill entitled "General Accounting Office Act of 1974; and

S. 3014. A bill entitled "Accounting and Auditing Act of 1974." Referred to the Committee on Government Operations.

By Mr. WEICKER:

S. 3015. A bill to direct the President to establish and carry out a program for rationing gasoline. Referred to the Committee on Interior and Insular Affairs.

By Mr. BENTSEN:

S. 3016. A bill to provide that an individual, who for December 1973, was entitled to disability benefits under a State program approved under title XIV or XVI of the Social Security Act may be presumed, for purposes of the supplemental security income program, to be disabled during the first 6 months of 1974. Referred to the Committee on Finance.

By Mr. MONTOYA (for himself and Mr. DOMENICI):

S. 3017. A bill to provide for the establishment of a National Nuclear Museum. Referred to the Joint Committee on Atomic Energy.

By Mr. FULBRIGHT:

S. 3018. A bill to authorize the Secretary of the Army to convey certain lands to the city of Charleston, Ark. Referred to the Committee on Armed Services.

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 3019. A bill to make available to the city of Ketchikan, Alaska, certain lands necessary to the replacement of the Carlanna Creek Dam. Referred to the Committee on Interior and Insular Affairs.

By Mr. CHILES:

S. 3020. A bill to designate certain lands in the National Key Deer Refuge, Great White Heron National Wildlife Refuge, and the Key West National Wildlife Refuge, Monroe County, Fla., as wilderness. Referred to the Committee on Interior and Insular Affairs.

S. 3021. A bill to amend title 28, United States Code, to provide that Madison County, Fla., shall be included in the northern judicial district of Florida. Referred to the Committee on the Judiciary.

By Mr. NELSON (for himself, Mr. MONDALE, and Mr. HUMPHREY):

S. 3022. A bill to amend the Lower Saint Croix River Act of 1972. Referred to the Committee on Interior and Insular Affairs.

By Mr. KENNEDY (for himself, Mr. JAVITS, Mr. SCHWEIKER, and Mr. BEALL):

S. 3023. A bill to amend the Public Health Service Act to strengthen the research programs of the National Institutes of Health, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. RIBICOFF (for himself, Mr. WILLIAMS, Mr. MCGOVERN, Mr. METCALF, and Mr. PELL):

S. 3024. A bill to provide for the payment of unemployment compensation to workers whose unemployment is attributable to an energy shortage. Referred to the Committee on Finance.

By Mr. GURNEY:

S. 3025. A bill to require the Secretary of Labor to make periodic reports concerning the rate of unemployment and the extent to which the unemployment rate is attributable to the energy shortage, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. DOMENICI:

S. 3026. A bill to exempt the first sale of certain categories of crude oil from Government price controls. Referred to the Committee on Interior and Insular Affairs.

By Mr. HUMPHREY:

S. 3027. A bill to provide assistance and full-time employment to persons who are unemployed or underemployed as a result of the energy crisis. Referred to the Committee on Labor and Public Welfare.

By Mr. HASKELL (for himself, Mr. ABOUREZK, Mr. MOSS, Mr. HUGHES, and Mr. FANNIN):

S. 3028. A bill to establish a comprehensive system for regulation of weather modification activities, and for other purposes. Referred to the Committee on Commerce.

By Mr. HELMS (for himself, Mr. BENNET, Mr. BARTLETT, Mr. BUCKLEY, Mr. BEALL, Mr. BROCK, Mr. CURTIS, Mr. DOLE, Mr. DOMINICK, Mr. FANNIN, Mr. GURNEY, Mr. HANSEN, Mr. HATFIELD, Mr. HRUSKA, Mr. JAVITS, Mr. MCINTYRE, Mr. PACKWOOD, Mr. SCHWEIKER, Mr. THURMOND, and Mr. WEICKER):

S.J. Res. 188. A joint resolution to authorize the President to declare by proclamation Aleksandr I. Solzhenitsyn an honorary citizen of the United States. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ERVIN (for himself, Mr. RIBICOFF, and Mr. METCALF) (by request):

S. 3013. A bill entitled "General Accounting Office Act of 1974"; and

S. 3014. A bill entitled "Accounting and Auditing Act of 1974." Referred to the Committee on Government Operations.

GENERAL ACCOUNTING OFFICE ACT OF 1974; ACCOUNTING AND AUDITING ACT OF 1974

Mr. ERVIN. Mr. President, on behalf of myself, Senator RIBICOFF, and Senator METCALF and at the request of the Comptroller General of the United States, I introduce for appropriate reference two bills, the General Accounting Office Act of 1974 and the Accounting and Auditing Act of 1974.

On June 21, 1973, I introduced, also on behalf of Senators RIBICOFF and METCALF and at the request of the Comptroller General, S. 2049, which is known as the Accounting and Auditing Act of 1973. That bill contained most of the provisions of the two separate bills I introduce today.

The Comptroller General has requested that S. 2049 be divided into two bills in order to expedite consideration of largely routine changes in GAO's activities, which are incorporated in the Accounting and Auditing Act of 1974. Changes which involve more profound and complex issues are contained in the General Accounting Office Act of 1974.

The request of the Comptroller General was set out in letters from him to me dated December 19, 1973, and February 7, 1974.

Mr. President, I ask unanimous consent that the Comptroller General's letters, the texts of the two bills, and section-by-section analyses of the bills be printed in the RECORD.

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

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., December 19, 1973.

Hon. SAM J. ERVIN,
Chairman, Committee on Government Operations, U.S. Senate

DEAR MR. CHAIRMAN: We have, in recent weeks, conducted discussions with the staff of your Committee concerning S. 2049, "a bill to revise and restate certain functions and duties of the Comptroller General of the United States and for other purposes." As a result of these discussions, and as a result of our own analysis of the bill, we have recommended several changes in the bill's provisions. In addition, we believe that consideration of the various provisions of S. 2049 could be simplified and expedited if the bill were divided into two separate bills: one dealing with relatively straightforward provisions relating to largely routine changes in this agency's activities and a second bill dealing

with what may be considered more profound and complex issues relating to our functions.

Thus, we have taken the liberty of preparing two clean bills that we respectfully request be introduced and considered in place of S. 2049. Copies of the two are enclosed.

The first, the bill containing the simpler provisions of S. 2049, we labeled the "General Accounting Office Act of 1973." It contains S. 2049 title VII (Statistical Sampling Procedures in the Examination of Vouchers), title VIII (Audit of Transportation Payments), title IX (Audit of Nonappropriated Fund Activities), title X (Employment of Experts and Consultants), title V (General Accounting Office Building), title XI (Audit of Government Corporations), and title XII (Revision of Annual Audit Requirements).

The second bill, the "Accounting and Auditing Act of 1973," continues the title of S. 2049 and contains the more complex provisions. These contain S. 2049 title I (Enforcement of Decisions and Settlements), title II (Subpoena Power), title III (Budget, Fiscal and Program Information for the Congress), title IV (Access to Records), and title VI (Profits Study).

The titles of the new bills contain some changes from the corresponding titles of S. 2049. The changes are largely nonsubstantive, and, as I said, have been previously provided to be discussed with your staff.

Section by section analyses are enclosed for both bills.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., February 7, 1974.

Hon. SAM J. ERVIN,
Chairman, Committee on Government Operations, U.S. Senate.

DEAR MR. CHAIRMAN: On December 19, 1973, we submitted two draft bills to you for introduction in the Senate as replacements for S. 2049, "a bill to revise and restate certain functions of the Comptroller General of the United States and for other purposes." We believe that consideration of the various provisions of S. 2049 could be simplified and expedited if S. 2049 were divided into two bills: one dealing with the relatively straightforward provisions relating to largely routine changes in this agency's activities, and a second bill dealing with what may be considered more profound and complex issues relating to our functions.

Since submitting those bills, we have developed an additional section that we respectfully request you add to the new bill that deals with the routine changes before it is introduced. That bill we labeled the "General Accounting Office Act of 1973."

The new section, which would be title VIII, would change from ten years to six years the time within which claims cognizable by the General Accounting Office may be filed in this Office. This change would make the time limitations consistent with the Statute of Limitations now applicable to claims filed in the courts. Numerous acts provide for time limitations for bringing actions before administrative bodies, but none that we could find exceeds six years. In addition, it might be noted that the Government is precluded from bringing a claim against an individual after six years. The shorter time limitation would also reduce significantly the amount of records required to be stored by this Office, a reduction that will result in substantial savings in storage costs.

A draft of the new title VIII and an analysis are enclosed.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

S. 3013

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 "General Accounting Office Act of 1973."

TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

SEC. 101. Subsection (a) of Public Law 88-251, approved August 30, 1964 (31 U.S.C. 82b-1(a)), is amended to read:

"(a) Whenever the head of any department or agency of the Government or the Commissioner of the District of Columbia determines that economies will result therefrom, such agency head or the Commissioner may prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers not exceeding such amounts as may from time to time be prescribed by the Comptroller General of the United States; and no certifying or disbursing officer acting in good faith and in conformity with such certification or payment made by him on a voucher which was not subject to specific examination because of the prescribed statistical sampling procedure: *Provided,* That such officer and his department or agency have diligently pursued collection action to recover the illegal, improper, or incorrect payment in accordance with procedures prescribed by the Comptroller General shall include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of this Act."

TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

SEC. 201. (a) Section 322 of the Transportation Act of 1940, as amended, 49 U.S.C. 66, is further amended by deleting from subsection (a) the first sentence thereof and substituting therefor the following:

"Payment for transportation of persons or property for or on behalf of the United States by any carrier or forwarder shall be made upon presentation of bills therefore prior to audit by the executive agency or agencies designated by the Director of the Office of Management and Budget, but the right is reserved to the United States Government to deduct the amount of any overcharge by any carrier or forwarder from any amount subsequently found to be due such carrier or forwarder. This does not affect the authority of the General Accounting Office to make audits in accordance with the Budget and Accounting Act, 1921, as amended, 31 U.S.C. 41, and the Accounting and Auditing Act of 1950, as amended, 31 U.S.C. 65."

SEC. 201. (b) Section 322 of the Transportation Act of 1940, as amended, 49 U.S.C. 66, is further amended by deleting from the second proviso of subsection (a) the words "the General Accounting Office" in the two places where they appear and substituting therefor in the first place the words "the executive agency or agencies designated by the Director of the Office of Management and Budget," and in the second place the words "such executive agency."

SEC. 201. (c). Section 322 of the Transportation Act of 1940, as amended, 49 U.S.C. 66 is further amended by redesignating the present subsection "(b)" as subsection "(c)," the present subsection "c" as subsection "d", and inserting the following new subsection (b):

"(b) Nothing in subsection (a) hereof shall be deemed to prevent any carrier or forwarder from requesting the Comptroller General to review the action on his claim by the executive agency designated by the Director of the Office of Management and Budget: *Provide, however,* That such request shall be forever barred unless received in the General Accounting Office within six months (not including any time of war) from the date the action was taken or within the periods of limitation specified in the second proviso in subsection (a) of this section, whichever is later."

SEC. 202. (a). Incident to the transfer of functions to an executive agency under section 801 of this Act, there shall be transferred to such agency such records, property, personnel, appropriations, and other funds of the General Accounting Office as the Comptroller General and the Director of the Office of Management and Budget, after consultation with the agency concerned, shall jointly determine.

SEC. 202. (b). The transfer of personnel pursuant to subsection (a) of this section shall be without reduction in classification or compensation for one year after such transfer.

SEC. 203. The transfer of functions authorized by sections 201 and 202 of this Act shall be fully effected not later than July 1, 1976.

TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

SEC. 301. (a) The operations of nonappropriated funds and related activities within the executive branch, such as the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, and Exchange Councils of the National Aeronautics and Space Administration, the systems of accounting and internal controls and any internal or independent audits or reviews of such funds and activities, unless otherwise provided by law, shall be subject to review by the Comptroller General of the United States in accordance with such principles and procedures and under such rules and regulations as he may prescribe. The Comptroller General and his duly authorized representatives shall have access to such books, accounts, records, documents, reports, files, and other papers, things, or property relating to such funds and activities as are deemed necessary by the Comptroller General.

(b) To aid the Comptroller General in planning audits or reviews under subsection (a) of this section, each nonappropriated fund activity within the executive branch of the Government shall furnish to the Comptroller General at such times and in such form as he shall require an annual report of the operations of such activity, including an annual statement of financial operations, financial condition, and cash flow.

TITLE IV—EMPLOYMENT OF EXPERTS AND CONSULTANTS

SEC. 401. (a) The Comptroller General is authorized to employ not to exceed ten experts on a permanent, temporary, or intermittent basis and to obtain services as authorized by section 3109 of title 5, United States Code, but in either case at a rate (or the daily equivalent) for individuals not to exceed the rate for Level V of the Executive Schedule (5 U.S.C. 5316).

(b) The provisions of sections 3323(a), 5532, and 8344 of title 5, United States Code, and any other law prohibiting or limiting the reemployment of retired officers or employees or the simultaneous receipt of compensation and retired pay or annuities shall not apply to individuals employed as experts or consultants under subsection (a) of this section.

TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

SEC. 501. Notwithstanding any other provision of law, the Comptroller General shall have exclusive custody and control over the General Accounting Office Building, including the operation, maintenance, repairs, alterations, and assignment of space therein. The Comptroller General and the head of any Federal agency may enter into agreements for space to be occupied in the General Accounting Office Building by such agency at such rates as may be agreed upon. Amounts received by the General Accounting Office pursuant to such agreements will be deposited to the appropriation initially charged for providing operation, maintenance, repair and alteration services with respect to such space. The Comptroller General is authorized to lease buildings or parts of buildings in the District of Columbia

(without regard to section 34 of title 40, United States Code) or elsewhere for the use of the General Accounting Office for a period not to exceed ten years.

TITLE VI—AUDITS OF GOVERNMENT CORPORATIONS

AMENDMENTS TO THE GOVERNMENT CORPORATION CONTROL ACT

SEC. 601. (a) Section 105 of the Government Corporation Control Act (31 U.S.C. 850) is amended by adding thereto the following sentence: "Effective January 1, 1973, each wholly owned Government corporation shall be audited at least once in every three years."

(b) The first sentence of section 106 of such Act (31 U.S.C. 851) is amended to read as follows: "A report of each audit conducted under section 105 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

(c) Section 202 of such Act (31 U.S.C. 857) is amended by adding thereto the following sentence: "Effective January 1, 1973, each mixed-ownership Government corporation shall be audited at least once in every three years."

(d) The first sentence of section 203 of such Act (31 U.S.C. 858) is amended to read as follows: "A report of each audit conducted under section 202 shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 602. (a) Section 17(b) of the Federal Deposit Insurance Act (12 U.S.C. 1827(b)) is amended by adding thereto the following sentence: "The Corporation shall be audited at least once in every three years."

(b) The first and second sentences of section 17(c) of such Act (12 U.S.C. 1827(c)) are deleted and the following is inserted in their place: "A report of each audit conducted under subsection (b) of this section shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

AMENDMENT TO FEDERAL CROP INSURANCE ACT

SEC. 603. Section 513 of the Federal Crop Insurance Act (52 Stat. 76; 7 U.S.C. 1513) is amended to read as follows:

"The Corporation shall at a times maintain complete and accurate books of accounts and shall file annually with the Secretary of Agriculture a complete report as to the business of the Corporation."

AMENDMENTS TO THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

SEC. 604. Section 107(g) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701(g)) is amended by:

(1) adding a new sentence at the end of subparagraph (1) thereof as follows: "Such audit shall be made at least once in every three years."

(2) substituting the following sentence in lieu of the first sentence in subparagraph (2) thereof: "A report of each such audit shall be made by the Comptroller General to the Congress not later than six and one-half months following the close of the last year covered by such audit."

AMENDMENT TO DISTRICT OF COLUMBIA REDEVELOPMENT ACT OF 1945

SEC. 605. Section 17 of the District of Columbia Redevelopment Act of 1945 (60 Stat. 801) is amended by deleting the word "annual" from the clause "such books shall be subject to annual audit by the General Accounting Office."

TITLE VII—REVISION OF ANNUAL AUDIT REQUIREMENTS

AMENDMENT TO FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

SEC. 701. Section 109(c) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 756(e)) is amended to read as follows:

"(c)(1) As of June 30 of each year, there shall be covered into the United States Treasury as miscellaneous receipts any surplus in the General Supply Fund, all assets, liabilities, and prior losses considered, above the amounts transferred or appropriated to establish and maintain said fund.

"(2) The Comptroller General shall make audits of the General Supply Fund in accordance with the provisions of the Accounting and Auditing Act of 1950 and make reports on the results thereof."

AMENDMENT TO THE FEDERAL AVIATION ACT OF 1958

SEC. 702. That part of the second sentence of section 1307(f) of the Federal Aviation Act of 1958 (49 U.S.C. 1537(f)) which precedes the proviso is amended to read as follows: "The Secretary shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE BUREAU OF ENGRAVING AND PRINTING FUND

SEC. 703. Section 6 of the Act entitled "An Act to provide for financing the operations of the Bureau of Engraving and Printing, Treasury Department, and for other purposes" (31 U.S.C. 181d) is amended to read as follows:

"The financial transactions, accounts, and reports of the fund shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE VETERANS' CANTEEN SERVICE

SEC. 704. Section 4207 of title 38, United States Code, is amended to read as follows:

"SEC. 4207. Audit of accounts.

"The Service shall maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950."

AMENDMENT WITH RESPECT TO THE HIGHER EDUCATION INSURED LOAN PROGRAM

SEC. 705. Paragraph (2) of section 432(b) of the Higher Education Act of 1965 (20 U.S.C. 1082(b)(2)) is amended to read as follows:

"(2) maintain with respect to insurance under this part a set of accounts, which shall be audited by the Comptroller General in accordance with the provisions of the Accounting and Auditing Act of 1950, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government."

(b) Section 402(a)(2) of the Housing Act of 1950 (64 Stat. 78; 12 U.S.C. 1749a (a)(2)) is amended to read as follows:

"(2) maintain a set of acounts which shall be audited by the Comptroller General in accordance with the provisions of the Accounting, and Auditing Act of 1950: *Provided*, that such financial transactions of the Administrator as the making of loans and vouchers approved by the Administrator in connection with such financial transactions shall be final and conclusive upon all officers of the Government."

AMENDMENT TO THE FEDERAL CREDIT UNION ACT

SEC. 706. Section 209(b)(2) of the Federal Credit Union Act as added by section 1 of Public Law 91-468 (12 U.S.C. 1789(b)(2)) is amended by deleting the word "annually" therefrom.

AMENDMENT WITH RESPECT TO AUDIT OF THE GOVERNMENT PRINTING OFFICE

SEC. 707. The third sentence of subsection 309(c) of title 44 of the United States Code is amended to read as follows:

"The Comptroller General shall audit the activities of the Government Printing Office at least once every three years and shall furnish reports of such audits to the Congress and the Public Printer."

SECTION-BY-SECTION ANALYSIS

TITLE I—ENFORCEMENT OF DECISIONS AND SETTLEMENTS

Section 101 would add new sections to the Budget and Accounting Act, 1921, as amended, which would provide the Comptroller General procedural remedies through court action to prevent the obligation or expenditure of funds in an illegal or erroneous manner.

The new section 320 provides for declaratory relief when the Comptroller General has reasonable cause to believe that any official of the executive branch is about to expend, obligate, or authorize the expenditure or obligation of public funds in an illegal manner.

Subsection (a) authorizes the Comptroller General to institute a civil action for such relief in the United States District Court for the District of Columbia; it authorizes the Attorney General to represent the defendant official in such action if he disagrees with the Comptroller General; it provides that other parties may intervene or be impleaded; and it provides that service or process may be made by certified mail beyond the territorial limits of the District of Columbia.

Subsection (b) provides that upon application of the Comptroller General or the Attorney General an action brought under this section shall be heard and determined by a district court of three judges under section 2284 of title 28, United States Code, and that an action brought under this section shall be expedited in every way. An order in such actions would be appealable directly to the United States Supreme Court under 28 U.S.C. 1253.

Subsection (c) provides that in actions brought under this section the Comptroller General shall be represented by attorneys of the General Accounting Office and by additional counsel of his choosing who may be employed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapters III and VI of chapter 53 of such title relating to classification and General Schedule pay rates.

Subsection (d) provides that in the event a suit brought under this section delays a payment for goods or services beyond its due date, the said payment when made by the agency involved shall include interest thereon at the rate of 6 per centum per annum from the time it was withheld and that no other court shall have jurisdiction to award damages against the United States as a result of any delay occasioned by the institution of a suit under this section.

Subsection (e) provides that this section shall be construed as creating a procedural remedy in aid of the statutory authority of the Comptroller General and is not intended to otherwise affect existing provisions of law.

Section 321 provides that the Comptroller General shall give notice to the Congress of the filing of such an action in court.

TITLE II—SUBPOENA POWER

Section 201 would authorize the Comptroller General to sign and issue subpoenas requiring the production of negotiated contract and subcontract records and records of other non-Federal persons or organizations to which he has a right of access by law or agreement. This authority includes books, accounts, and other records of contractors or subcontractors having negotiated Government contracts and of various other non-Federal persons or organizations most of which have received Federal grants or other financial assistance.

Section 202 would provide that in case of disobedience to a subpoena the appropriate district court may issue an order requiring compliance with the subpoena and any failure to obey such order shall be punished by the court as a contempt thereof. The Comptroller General could be represented by General Accounting Office attorneys in subpoena enforcement proceedings under this section. However no provision is made for employment of special counsel for this purpose.

TITLE III—BUDGET, FISCAL AND PROGRAM INFORMATION FOR THE CONGRESS

Section 301 would provide for the Comptroller General to assist congressional committees and Members of Congress in obtaining fiscal, budgetary and program information needed in connection with improving congressional control over the Federal budget. The Comptroller General would conduct a continuing program to ascertain congressional needs for such information; in cooperation with other Government officials, develop and maintain standard terminology for Federal budget and fiscal information; assist congressional committees in developing specifications for legislative requirements for executive branch evaluations of Federal programs and reports thereon to the Congress; and monitor reporting requirements of the Congress and congressional committees, and recommend improvements to enhance their usefulness and to eliminate duplicative or unnecessary reporting.

TITLE IV—ACCESS TO RECORDS

Title IV would amend the Budget and Accounting Act, 1921, to provide a procedural remedy to enforce already existing rights of the Comptroller General to access to information, books, documents, papers or records in Government departments or establishments.

The Title would permit the Comptroller General to institute a suit in the U.S. District Court for the District of Columbia to compel the production of the material. The Comptroller General would be authorized to employ his own attorneys, and the Attorney General would be authorized to represent the defendant official in such an action.

The suit would be brought before a three-judge court pursuant to section 2284 of title 28, U.C. Code, and either party could appeal directly, to the Supreme, within 30 days for a decision of the Court.

TITLE V—PROFITS STUDIES

Section 501 would afford the Comptroller General authority to make selective studies of the profits of Government contractors and subcontractors whose Government business, in their most recent fiscal year, aggregated one million dollars or more. These studies would be made with a view toward comparing profits on Government business with profits on commercial business.

Subsection (a) defines the contractors covered by the section, authorizes and directs the Comptroller General to make studies of profits made by these contractors at least once every five years, and requires the Comptroller General to properly report the result of each study to the Congress.

Subsection (b) requires that when requested by the Comptroller General or his representatives, contractors will submit such information maintained in the normal course of business as the Comptroller General determines is necessary or appropriate to conduct his studies under subsection (a).

Subsection (c) authorizes the Comptroller General and his representatives to audit and inspect and to make copies of any books, accounts, or other records which the Comptroller General determines are necessary to permit calculation of the profits of any contractor. This subsection specifically precludes the Comptroller General from disclosing any information obtained under the authority of section 501 which relates to the contractor's profit on any individual commercial contract or on any individual contract entered into pursuant to formally advertised competitive bidding.

Subsection (d) defines for the purpose of section 501 the terms "contractor," "services and materials," "Government contracts," and "commercial contracts."

By section 408 of the act approved November 19, 1969, Pub. L. 91-121, 83 Stat. 204, 208, the Comptroller General was authorized and directed to conduct a one-time study of the profits of representative defense contractors and subcontractors. The Comptroller General's report on this study, B-159896, was submitted to the Congress on March 17, 1971. Title V would provide permanent authority for such studies.

S. 3014

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 "Accounting and Auditing Act of 1974."

TITLE I—ENFORCEMENT OF DECISIONS AND SETTLEMENTS

SEC. 101. The Budget and Accounting Act, 1921, as amended (31 U.S.C. 42), is further amended by adding at the end thereof the following new sections:

"SEC. 320. (a) Whenever the Comptroller General, in the performance of any of his functions authorized by law, has reasonable cause to believe that any officer or employee of the executive branch is about to expend, obligate, or authorize the expenditure or obligation of public funds in an illegal manner, he may institute a civil action in the United States District Court for the District of Columbia for declaratory relief. If the Attorney General is in disagreement with the Comptroller General he is authorized to represent the defendant official in such action. Other parties, including the prospective payee or obligee who shall be served with notice or process, may intervene or be impleaded as otherwise provided by law, and process in such an action may be served by certified mail beyond the territorial limits of the District of Columbia.

"(b) Upon application of the Comptroller General or the Attorney General an action brought pursuant to this section shall be heard and determined by a district court of three judges under section 2284 of title 28, United States Code. An action brought under this section shall be expedited in every way.

"(c) In actions brought under this section the Comptroller General shall be represented by attorneys employed in the General Accounting Office and by counsel whom he may employ without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapters III and VI of chapter 53 of such title relating to classification and General Schedule pay rates.

"(d) In the event the institution of suit under this section serves to delay a payment beyond the date it was due and owing in payment for goods or services actually delivered to and accepted by the United States, then such payment when made by the agency involved shall include interest thereon at the rate of 6 per centum per annum for the time it has been withheld. Otherwise, no court shall have jurisdiction to award damages against the United States, its officers, or agents as a result of any delay occasioned by reason of the institution of suit under this section.

"(e) This section shall be construed as creating a procedural remedy in aid of the existing statutory authority of the Comptroller General and not an enlargement or limitation of such authority.

"SEC. 321. The Comptroller General shall notify the Committees on Government Operations of the Senate and the House of Representatives of any action instituted under section 320 within 24 hours of the filing of such an action in court.

TITLE II—SUBPOENA POWER

SEC. 201. To assist in carrying out his functions, the Comptroller General may sign and issue subpoenas requiring the production of negotiated contract and subcontract records and records of other non-Federal persons or organizations to which he has a right of access by law or agreement.

SEC. 202. In case of disobedience to a subpoena issued under section 201, the Comptroller General may invoke the aid of any district court of the United States in requiring the production of the records involved. Any district court of the United States within the jurisdiction in which the contractor, subcontractor, or other non-Federal person or organization is found or resides or in which the contractor, subcontractor, or other non-Federal person or organization transacts business may, in case of contumacy or refusal to obey a subpoena issued by the Comptroller General, issue an order requiring the contractor, subcontractor, or other non-Federal person or organization to produce the records; and any failure to obey such order of the court shall be punished by the court as a contempt thereof.

TITLE III—BUDGET, FISCAL AND PROGRAM INFORMATION FOR THE CONGRESS

SEC. 301. The Comptroller General shall conduct a continuing program to ascertain the needs of the committees and Members of the Congress for fiscal, budgetary, and program information and shall recommend to the Congress and to the executive agencies, as appropriate, improvements in developing and reporting such information to meet these needs most effectively.

SEC. 302. The Comptroller General, in order to meet the needs of the Congress, in consultation with the Director, Office of Management and Budget, the Secretary of the Treasury, and the Legislative Budget Director shall develop, establish, maintain, and publish standard terminology, definitions, classifications, and codes, for Federal fiscal, budgetary, and program-related data and information. The authority contained in this part shall include, but not be limited to, data and information.

SEC. 303. The Comptroller General shall assist committees in developing specifications for legislative requirements for executive branch evaluations of Federal programs and activities, including reporting the results of such evaluations to the Congress.

SEC. 304. The Comptroller General shall monitor the various recurring reporting requirements of the Congress and committees and make recommendations to the Congress and committees for changes and improvements in these reporting requirements to meet the congressional information needs ascertained by the Comptroller General, to enhance their usefulness to the congressional users and to eliminate duplicative or unneeded reporting.

TITLE IV—ACCESS TO RECORDS

SEC. 401. Section 313 of the Budget and Accounting Act, 1921 (31 U.S.C. 54), is amended by adding the following subsections:

"(b) If any information, books, documents, papers, or records requested by the Comptroller General from any department or under subsection (a) as amended, or any other authority, have not been made available to the General Accounting Office within a period of twenty calendar days after the request has been delivered to the office of the head of the department or establishment involved, the Comptroller General is authorized to bring an action in the United States District Court of the District of Columbia against the head of the department or establishment concerned to compel the furnishing of such material. The Attorney General is authorized to represent the defendant official in such action. The Comptroller General shall be represented by attorneys employed in the General Accounting Office and by counsel whom he may employ without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapters III and IV of chapter 53 of such title relating to classification and General Schedule pay rates.

"(c) Actions instituted pursuant to subsection (b) of this section shall be brought in accordance with section 2284 of title 28, United States Code. Immediately upon the filing of a complaint under subsection (a) of this section the matter shall be referred to the chief judge of the United States Court of Appeals for the District of Columbia Circuit, who shall designate three judges, at least one of whom shall be a circuit judge, to serve as members of the court to hear and determine the action. Such Court shall have jurisdiction to issue such orders compelling the furnishing of such material. Actions under this subsection shall be governed by the rules of civil procedure to the extent consistent with the provisions of this section, and shall be expedited in every way.

"(d) Any party may appeal directly to the United States Supreme Court from an order under subsection (c) of this section. Such appeal shall be taken within thirty days after entry of the judgment. The record shall be made up and the case docketed within sixty days from the time such appeal is taken under rules prescribed by the Supreme Court."

TITLE V—PROFITS STUDY

SEC. 501. (a) With respect to contractors having Government contracts, including subcontracts, aggregating one million dollars or more in the contractor's most recent fiscal year, the Comptroller General is authorized and directed to conduct studies on a selective basis of all profits made by such contractors on Government and commercial contracts. Such studies shall be made from time to time within the discretion of the Comptroller General but not less frequently than once in each five-year period following enactment of this Act and reports on the results of each study shall be promptly submitted to the Congress.

(b) Any contractor referred to in subsection (a) of this section shall, upon the request of the Comptroller General or his authorized representatives, prepare and submit to him such information maintained in the normal course of business by such contractors as the Comptroller General determines necessary or appropriate in conducting any study authorized in subsection (a) of this section.

(c) In order to determine the profits referred to in subsection (a) of this section, either on a percentage of the cost basis, percentage of sales basis, a return on private capital employed basis, or any other pertinent basis, the Comptroller General and his authorized representatives are authorized to audit and inspect and to make copies of any books, accounts or other records which the Comptroller General determines are necessary to permit calculations of the profits of any contractor, but he shall not disclose any information obtained under the authority of this section relating to a contractor's profits on any individual commercial contract or on any individual contract entered into pursuant to formally advertised competitive bidding.

(d) As used in this section:

1. The term "contractor" means any individual, firm, corporation, partnership, association or other legal entity which provides services and materials under direct contracts or under subcontracts with a prime contractor.

2. The term "services and materials" means either services or materials or services and materials and includes construction.

3. The term "Government contracts" means contracts and other transactions between any department, agency, or instrumentality of the Federal Government and any contractor.

4. The term "commercial contracts" means all contracts and commercial transactions other than Government contracts.

TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMANDS

SEC. 801 Section 1 of the Act of October 9, 1940, 54 Stat. 1061, chapter 788, is amended by deleting the phrase "10 full years" and substituting "6 years" therefor.

SEC. 802. The amendment provided for in Section 801 shall go into effect 6 months after the date of enactment and will have no effect on claims received in the General Accounting Office before that time.

SECTION-BY-SECTION ANALYSIS

TITLE I—STATISTICAL SAMPLING PROCEDURES IN THE EXAMINATION OF VOUCHERS

Public Law 88-521 authorized heads of departments and agencies and the Commissioners of the District of Columbia to prescribe the use of adequate and effective statistical sampling procedures in the examination of disbursement vouchers for amounts of less than $100. Certifying and disbursing officers who acted in good faith and who followed such procedures were relieved of liability for the improper certification or payment of vouchers that may not have been examined because of the statistical sampling procedure provided that such officer and his department or agency diligently pursued collection actions prescribed by the Comptroller General.

Section 701 would amend subsection (a) of Public Law 88-521 so as to eliminate the $100-dollar limitation on the amount of disbursement vouchers subject to audit by statistical sampling techniques and in lieu thereof impose a limitation of such amount as may from time to time be prescribed by the Comptroller General for each department or agency. Section 701 would also add a new requirement that the Comptroller General include in his reviews of accounting systems an evaluation of the adequacy and effectiveness of procedures established under the authority of the amended act.

TITLE II—AUDIT OF TRANSPORTATION PAYMENTS

Section 201 would amend section 322 of the Transportation Act of 1940, as amended, 49 U.S.C. 66, to continue the requirement for payment of carrier bills upon presentation contained in the law since 1940, but to make clear that the primary responsibility for the audit of transportation bills and the recovery of overcharges is to be removed from the General Accounting Office and placed in one or more executive agencies designated by the Director of the Office of Management and Budget. This responsibility includes the processing of carrier claims and furnishing records and reports to the Department of Justice for the proper defense or prosecution of litigation arising from the handling of carrier accounts and claims. The General Accounting Office transportation audit responsibilities and related functions would then conform to the procedures for the audit of Government activities generally under the provisions of the Budget and Accounting Act, 1921, as amended, 31 U.S.C. 41, and the Accounting and Auditing Act of 1950, as amended, 31 U.S.C. 65.

Section 202 deals with the transfer of records, property, personnel, etc., pursuant to the transfer of functions under Section 201.

TITLE III—AUDIT OF NONAPPROPRIATED FUND ACTIVITIES

Section 301(a) would authorize the Comptroller General, unless otherwise provided by law, to review the operations, systems of accounting and internal controls, and any internal or independent audits of review of nonappropriated funds and related activities within the executive branch. Under this section the Comptroller General and his duly authorized representatives would have access to such documentation relating to these funds and activities as is deemed necessary.

Subsection (b) would require such nonappropriation fund activities to furnish to the Comptroller General an annual report of the operations of their activity, including annual statements of financial operations, financial conditions and cash flow.

The authority provided in section 301 would extend generally to instrumentalities established and operated under the control or aegis of an executive department or agency for the benefit of its personnel and which are financed from sources other than appropriations. Primary examples of such instrumentalities are the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, and Exchange Councils of the National Aeronautics and Space Administration. The Comptroller General would not review nonappropriated fund activities to the detriment of his reviews of higher priority appropriated fund activities. However, in recent years the size, scope and number of nonappropriated fund activities have increased greatly and the authority and requirement imposed by this section, even though a limited number of reviews will be made, should afford some needed control and review over such activities.

TITLE IV—EXPERTS AND CONSULTANTS

Section 401(a) would provide the Comptroller General discretion to employ on a full or part-time basis up to ten experts and to obtain consultant services authorized by 5 U.S.C. 3109, at a rate of compensation not to exceed Level V of the Federal Executive Pay Act.

Subsection (b) would exempt individuals serving under subsection (a) from restrictions upon reemployment of retired Federal employees and simultaneous receipt of compensation and retired pay or annuities.

TITLE V—GENERAL ACCOUNTING OFFICE BUILDING

Section 501 would afford the Comptroller General control of the General Accounting Office Building; would provide for the subletting of space therein to other agencies; and would authorize the Comptroller General to lease additional space for the use of the General Accounting Office in the District of Columbia and elsewhere.

TITLE VI—AUDITS OF GOVERNMENT CORPORATIONS

Section 601(a) would provide that each wholly owned Government corporation subject to the Government Corporation Control Act shall, effective January 1, 1973, be audited at least once in every three years.

Subsection (b) would provide that the Comptroller General's report of each audit of each wholly owned Government corporation shall be made to the Congress not later than six and one-half months following the close of the last year covered by such audit. The use of the six and one-half month time period following the close of the corporation's fiscal year for reporting to the Congress replaces the date of January 15 specified in existing law, since the Comptroller Gen-

eral's audit would not be made annually and would be made on the basis of the fiscal year used by the corporation in maintaining its books rather than the year ending June 30 of each year.

Subsections (c) and (d) would make the same change in the frequency of audit and reporting date with respect to each mixed-ownership Government corporation as is provided in sections 1101(a) and 1101(b) for wholly owned Government corporations.

Section 602 would make a similar change in the frequency of audit and reporting date with respect to the Federal Deposit Insurance Corporation.

Section 603 would amend section 513 of the Federal Crop Insurance Act so as to delete the requirement for an annual audit by the General Accounting Office of the Federal Crop Insurance Corporation.

Section 604 would make a change similar to that provided in sections 601 and 602 for wholly and mixed-owned Government corporations and the Federal Deposit Insurance Corporation in the frequency of audit and reporting date with respect to the National Homeownership Foundation, a nonprofit corporation chartered by the Congress but which is not an agency or instrumentality of the United States Government.

Sections 605 and 606 would repeal the requirement for an annual audit by the General Accounting Office of the District of Columbia Redevelopment Corporation and the Federal Home Loan Bank Board, respectively, and thereby granting the Comptroller General discretionary authority to determine the frequency of such audits.

TITLE VII—REVISION OF ANNUAL AUDIT REQUIREMENTS

Title VII would eliminate the requirements for annual audits of the following revolving funds and make them subject to audit at the discretion of the Comptroller General, in accordance with the provisions of the Accounting and Auditing Act of 1950:

Section 701—The General Supply Fund, GSA.

Section 702—War Risk Insurance Fund, Transportation.

Section 703—Bureau of Engraving and Printing Fund, Treasury.

Section 704—Veterans Canteen Fund, VA.

Section 705—Student Loan Insurance Fund, HEW.

Section 706—Urban Renewal Fund, HUD. College Housing Fund, HUD.[1]

Section 707—National Credit Union Administration Fund.

Section 708—Government Printing Office Fund.

TITLE VIII—LIMITATION OF TIME ON CLAIMS AND DEMANDS

Section 801 decreases from ten to six years after the date a claim accrued the time within which claims cognizable by the General Accounting Office may be filed in that Office. This will make the time limitation consistent with the Statute of Limitations now applicable to claims filed in the courts. Numerous acts provide for time limitations for bringing actions before administrative bodies, and none exceeds six years. It will also reduce significantly the amount of records required to be stored by the General Accounting Office, which reduction will result in substantial savings in storage costs.

Section 802 provides that the reduction in time allowed for filing claims in the General Accounting Office will not go into effect until six months after enactment, and makes it clear that the enactment of the new time will not affect claims filed before such enactment. This is intended to minimize any hardship on potential claimants whose claims may be barred by the new provision by allowing them time to file their claims before the provision takes effect, but after they are put on notice that it will take effect after six months.

[1] This change will have a similar effect on the following programs: Housing for elderly or handicapped (12 U.S.C. 1701q); Rehabilitation loans (42 U.S.C. 1452b); Public facility loans (42 U.S.C. 1494); New Community assistance (42 U.S.C. 3912); low-rent housing (42 U.S.C. 1417a); riot insurance (12 U.S.C. 749bbb-17); transportation grants (49 U.S.C. 1609).

By Mr. WEICKER:

S. 3015. A bill to direct the President to establish and carry out a program for rationing gasoline. Referred to the Committee on Interior and Insular Affairs.

Mr. WEICKER. Mr. President, I am today introducing legislation to require nationwide gasoline rationing.

The Mandatory Gas Rationing Act of 1974 puts an end to the half-measures and weasle-worded assurances that have deceived the motorist and created false expectations, while all the time the crisis worsens. Optimistic predictions of an early end to gas shortages are not only a consumer fraud, but the Government has known they were a fraud, just as we know today that the crisis will be worse in the coming months, not better.

The time has come to tell the truth and face up to the unpleasant reality of the necessary steps. First, we cannot fight a shortage of gasoline with one hand tied behind the back, and that is just what we are doing by refusing to use the only practical method of controlling consumption: gas rationing.

Second, we are wrong in assuming that hard-nosed steps will not be necessary. The simple fact is the motorist is going to be in much worse shape come spring and summer. More gasoline is consumed during those seasons than any other time of year, and the theory that it is offset by decreased home heating oil refining is again untrue. Our refineries cannot just produce gasoline, because the demand for residual products requires that they produce all types of oil products and the shift from home heating oil can only be a small shift at best.

In fact, the Federal Energy Office, in its Monthly Energy Indicators, predicted that what was a 14-percent gasoline shortage in January and February will become a 17-percent shortage in April, and a 20-percent shortage in May. Clearly the crisis worsens as we get into the hot summer months with the air-conditioning demands. So the crisis is not easing; it is getting worse.

It is just as misleading to pretend that all our problems go away as soon as the Arab oil embargo is lifted. Such an announcement would be good news, but it is no answer to our problem.

If the oil embargo is lifted today, the Federal Energy Office has predicted that it would be at least 3 months before the result would be felt, at all. By then it would be summer, the peak consumption period.

Furthermore, nobody is predicting that the Arab nations will consent to the level of massive imports we have enjoyed in the past.

The message is clear and simple. There is, and will be, a basic shortage of gasoline, a shortage great enough that it will not be solved by driving tips and allocation gimmicks.

It is not enough for the Congress to turn over authority for rationing to the President, and then wash its hands of the matter. The country expects and deserves better leadership from its Congress. The time has come for some initiative and hard decisions right here, not placing authority in the hands of the Executive so we can point a finger in that direction when the need for rationing becomes critical and no action has been forthcoming.

For those who say the American people would not stand for it, they have done a great injustice to the Nation. The people of this Nation have always faced up to what must be done, and they will do so again, with good spirit. Those who demagog the chant of "no rationing" fail to understand that people would far prefer rationing to behaving like animals at the gas pump.

Mr. President, the Mandatory Gas Rationing Act of 1974 would require the President to impose rationing within 30 days of enactment. It is not intended to endorse a coupon system, and clearly other forms of rationing such as automobile stickers indicating 1 day a week that a car would not be used are concepts that should be seriously explored. The bill gives the President powers to use State and local officials, such as State motor vehicle departments, for the program.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 3015

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 "Mandatory Gas Rationing Act of 1974".

SEC. 2. After section 4 of the Emergency Petroleum Allocation Act of 1973, the following section is to be added, and subsequent sections renumbered accordingly:

"MANDATORY RATIONING

"SEC. 5. (a) Not later than thirty days following the date of enactment of this Act, the President shall promulgate and put into effect regulations for the establishment and carrying out of a program for the rationing of gasoline.

"(b) The President shall provide for procedures by which any gasoline user for whom rationing is established under subsection (a) of this section may petition for a review or modification with respect to his ration. Such procedures may include the use of such state and local officers and boards as may be necessary to carry out the functions of this section.

"(c) No regulation or order under this section may impose any tax or user fee, or provide for a credit or deduction in computing any tax."

By Mr. BENTSEN:

S. 3016. A bill to provide that an individual, who for December 1973, was entitled to disability benefits under a State program approved under title XIV or XVI of the Social Security Act may be presumed, for purposes of the supplemental security income program, to be disabled during the first 6 months of 1974. Referred to the Committee on Finance.

AID FOR THE TOTALLY AND PERMANENTLY DISABLED

Mr. BENTSEN. Mr. President, I am today introducing legislation to extend by 3 months the time for transferring to the supplemental security income program those recipients of aid to the permanently and totally disabled who had not received a State disability payment for a month prior to July 1973.

On December 31, 1973, the President signed into law Public Law 93-233, which contains a number of amendments to the supplemental security income program—SSI. Among these amendments is a provision affecting the transfer to the SSI program of certain recipients of aid to the permanently and totally disabled. Prior to the amendments, all recipients under State plans were to be included in the SSI program if they were entitled to a payment under State plans in December 1973.

Public Law 93-233 requires that an individual permanently and totally disabled must have actually received payment under an applicable State program at least 1 month prior to July 1973, or meet the disability criteria of the federally administered title XVI program. That means that many thousand recipients who did not receive disability payments for 1 month prior to July 1973, will now have to have their eligibility reviewed. A formal determination will have to be made as to whether these people are, in fact, eligible for SSI coverage.

Mr. President, this review and screening process can be very complicated. It involves a detailed search of every State's records to determine whether those people who did not receive State payments prior to July 1973, are actually eligible for SSI assistance under Federal criteria.

My own State of Texas has 4,802 cases, which fall into this category. The department of public welfare is screening each of these cases to provide medical information on which their original eligibility was based, so that their eligibility for supplemental security income can be redetermined. I know that the situation is equally serious in other States as well.

Screening the volume of records, plus the even larger job of redetermining medical eligibility, makes it very difficult if not impossible to complete this task by the date required in the law, which is March 31. The Texas Department of Public Welfare predicts that a high percentage of the 4,802 Texans involved will have their future supplemental security income checks interrupted in April 1974.

Mr. President, it does not matter whether the number of cases is 4,802 or some lower figure. If only one totally and permanently disabled person is denied a supplemental security income check because of our actions, an injustice will have been committed.

Let me be clear: I do not believe that a single person should receive SSI payments who does not deserve them, and I have long been concerned that our welfare rolls contain many people who should not be on them. But, by the same token, I do not believe that eligible persons should be denied SSI payments because of congressional action or bureaucratic ineptitude.

HEW, which was on notice about the proposed changes in the law last December, did not send official notices to the States until February 7. That leaves the States only a few weeks to complete a thorough check of their records. If they are to do an accurate job, we must give them the time to do it.

During this transitional period when the SSI program is getting underway, I believe we must be particularly careful not to penalize the aged, blind, and disabled. A 3-month extension for determining eligibility is necessary, and I urge its swift approval by the Congress.

I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 3016

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, In the administration of title XVI of the Social Security Act (as enacted by section 301 of the Social Security Amendments of 1972), the period referred to in section 1631(a)(4)(B) of such Act shall be deemed to be the period commencing January 1, 1974 and ending June 30, 1974, but only when the provisions of such section 1631(a)(4)(B) are applied to an individual who would meet the conditions prescribed in section 1614(a)(3)(E) of such Act if such section 1614(a)(3)(E) did not contain the phrase "(and for at least one month prior to July 1973)".

By Mr. MONTOYA (for himself and Mr. DOMENICI):

S. 3017. A bill to provide for the establishment of a National Nuclear Museum. Referred to the Joint Committee on Atomic Energy.

Mr. MONTOYA. Mr. President, today I introduce a measure calling for the establishment and maintenance of a National Nuclear Museum at a suitable site or sites in the State of New Mexico for the advancement of public knowledge with respect to matters pertaining to the uses and development of nuclear energy.

This measure is identical to S. 3364 which my colleagues from New Mexico, Senator ANDERSON, and I introduced on January 17, 1967. I believe it unfortunate that neither of the previous measures were enacted and I, therefore, intend to push for action on the present proposal.

Mr. President, when the first atom bomb was developed, J. Robert Oppenheimer, director of the Los Alamos Laboratory, exulted "these are heroic days." It was dawn in New Mexico over 28 years ago when, on July 16, 1945, men gathered at a remote section of Holloman Air Force Base, Alamogordo, 120 miles southeast of Albuquerque, to witness another dawn—that of the atomic age. The event they attended on the Alamogordo sands was an unprecedented scientific experiment to test the idea of the atom bomb, the end result of Operation Trinity of the Manhattan Engineer District. That morning meeting culminated an enormous effort by thousands of people, many of them working in secret places in New Mexico.

Today, with the wisdom that over two decades' hindsight affords, we can know how heroic were those days in New Mexico, how significant were those men and their achievement at Alamogordo. In the atomic age they ushered in, mankind possesses a technology of war to destroy mighty nations, to decimate their peoples, to devastate their lands; and a technology of peace to move mountains and furnish energy for our future. During the time since that event, each Member of Congress has had to share the burden of the dread responsibility of providing nuclear weapons for our national defense, while yet restraining their rash use in order to assure our survival as a nation. The men who worked at Los Alamos, and those who followed them there and at the Sandia Base and at ACF Industries in Albuquerque have bought us the time to seek ways for the community of nations to live together without nuclear war.

Since 1945, Los Alamos and Sandia in Albuquerque, N. Mex., have emerged as great national centers for nuclear research and engineering, with dramatic achievements in military and civilian applications. I hope that someday the history of the Los Alamos Laboratory and Sandia Base and their work on nuclear and thermonuclear weapons can be properly chronicled. In recent years, Los Alamos and Sandia have extended their research beyond military functions to important peaceful uses of fission and fusion, to the development of alternative energy sources, to basic physical research and to lifesaving medical research.

The splendid work begun and being continued in New Mexico should, I feel, be commemorated. The awesome achievements of our nuclear scientists, engineers, and technicians makes New Mexico appropriate for a place where men might reflect upon the great physical powers now entrusted to governments, a place where they might study and learn about this nuclear force and the political and social forces which govern its use, and a place they might reaffirm their dedication to the proposition that the enormous energy unleashed at Alamogordo shall always be used benevolently, beneficially.

A park, a statue, or a plaque could perform the commemorative function. But this is not enough; more is needed. I submit that even more important than public commemoration, is public understanding of the nature of the primordial blast. For this reason I introduce today a bill to establish a National Nuclear Museum at a suitable site or sites in New Mexico for the advancement of public knowledge of the uses and development of nuclear energy. The initial displays specified in this measure can be an important first step toward a vital and living memorial.

Mr. President, a modest museum has already been initiated in Los Alamos as a tribute to, and an explanation of, the contributions which have been made in New Mexico in the nuclear field. I say modest, for although much has been accomplished with resources available, it is still not the quality museum which this Congress should take upon itself to establish. Mr. President, I ask unanimous

consent that an article from the Albuquerque Journal of December 15, 1968, entitled "'Hill' Museum Is Nuclear Physics Primer," be printed at this point in the RECORD as an example of the tremendous educational potential in the proposal which I make. That is, the establishment of a National Nuclear Museum.

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

"HILL" MUSEUM IS NUCLEAR PHYSICS PRIMER

(By Bill Hume)

LOS ALAMOS.—Atomic energy—from Alpha particle to Pi Mesons—came of age behind the barbed wire fences of wartime Los Alamos. Today, most of the secrecy is gone.

And the Los Alamos Scientific Laboratory features a unique window into the world of nuclear research in its unique action-filled science museum.

In this museum, working models of most of the projects underway on the "Hill" go bang, make sparks, whir and otherwise simulate what the actual devices do. There is even an electric train in the scale model of the Project Rover site.

"The museum began in 1963 in an old barracks-type building," said Robert Y. Porton, director of community relations. "We moved into the present new building in 1965."

Most popular exhibit, according to a recent public opinion poll, is "Pinocchio," an ingenious device for illustrating a nuclear chain reaction.

Pinocchio looks like a cross between a pinball machine and a large aquarium. Four glass walls enclose approximately one square yard of space over a "floor" with a grid of ping-pong ball sized holes.

When a chain reaction takes place in atoms of Uranium 235, a neutron striking the nucleus of a U-235 atom causes the atom to split in two, releasing two free neutrons. These two, all else being equal, strike two more nuclei, splitting them and releasing four neutrons, and so on.

In Pinocchio, a long ping-pong ball represents the first free neutron. Each of the holes represents a U-235 nucleus.

The museum attendant drops the "neutron" in the glass box. It bounces around aimlessly, eventually dropping into one of the holes.

Out shoot two ping-pong balls, and these "neutrons" repeat the performance. Soon the glass box is filled with widly bouncing "neutrons," and the "splitting atoms" sound like a cowboys-and-Indians shoot-em-up.

Community relations staff member Kent Bulloch told of the experience of an Italian film crew trying to film Pinocchio in action.

The ping-pong balls trigger the ejection of their fellows by tripping photoelectric cells, Bulloch explained. When the Italian crew turned on their floodlights and the first ball was dropped in, it fell into a hole and nothing happened.

Bulloch suggested turning off the floodlights temporarily, and "there was an explosion of ping-pong balls," as every tube fired, activated by the floodlights being turned off.

Pinocchio was so named because as his namesake wanted to be a real human, but couldn't, LASL's Pinocchio wants to be a real reactor, but can't.

In an average month, more than 5,000 persons sign in at the museum. The visitors have come from all 50 states and more than 70 foreign countries.

One day last week, for example, persons from six different states toured the facility.

The museum has its serious side, too.

In the patio are ballistic cases like the two which carried nuclear holocaust to Japan in World War II, and two sleeker, more modern looking casings, one from a 20 kiloton nuclear bomb and the other from a thermonuclear hydrogen bomb.

The more peaceful uses of the atom share the patio with the bombs, however. Kiwi-A, the first experimental nuclear rocket reactor is on display.

The museum, the only Los Alamos Scientific Laboratory area in which cameras are welcome, is open from 8 a.m. to noon and 1 to 5 p.m. Monday through Friday, and 9 a.m. to 5 p.m. Saturdays, and 1 p.m. to 5 p.m. Sundays.

One very simple display makes a very startling indication of the difference in densities of various elements. It is a table on which are placed three-inch cubes of various elements.

Each has a handle by which the observer can lift the identically sized cubes and compare their weights.

The weights vary from the magnesium cube, at 1.75 lbs., to the uranium cube, weighing 18.97 lbs.

The most exotic cube by far is one of solid gold, valued at more than $10,000. It is kept locked in a safe when not on display.

In Project Sherwood at LASL, scientists are trying to devise some method of containing a thermonuclear reaction and tap it for its power potential. The problem with the concept is that thermonuclear reactions take place at such temperatures that all known materials on earth would quickly vaporize.

Project Sherwood scientists are working on a Buck Rogers-styled electromagnetic "force field" to contain the reaction.

Even though one of the project scientists compared the method to "trying to contain Jello with rubber bands on a hot day," the physicists hope to solve the problem in a few years.

Scylla II, the portion of Sherwood concerned with the force field, is represented in the museum.

A tube of aluminum foil is inserted into a plastic tube around which two electromagnetic coils are wound. Electricity is fed to a capacitor which, when it discharges, momentarily creates a strong electromagnetic field in the coils.

The electromagnetic fields instantly crush both ends of the foil tube closed, causing a report as loud as a firecracker.

The museum, however, like the city of Los Alamos, is aware that the history of New Mexico didn't begin with the coming of the nuclear age.

The entrance hall of the museum contains cases of artifacts from the Pajarito Plateau's first tenants, Indians who were there back when gunpowder was the "ultimate weapon."

Mr. MONTOYA. Another museum, with a somewhat different focus from that of the Los Alamos museum, exists in Albuquerque, N. Mex. This is the Sandia Atomic Museum, currently funded and staffed by the Defense Nuclear Agency. Here the contribution of nuclear energy to our defense effort is the principal theme. I ask unanimous consent that a letter from Rear Adm. L. V. Swanson concerning this museum and the support it has with Albuquerque be printed at this point in the RECORD.

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

DEFENSE NUCLEAR AGENCY,
Kirtland Air Force Base,
N. Mex., Oct. 4, 1973.

Hon. JOSEPH M. MONTOYA,
U.S. Senator,
Washington, D.C.

DEAR SENATOR MONTOYA: On several occasions you have shown a personal interest in the problems confronting the Sandia Atomic Museum and the possibilities of it attaining national status through such action as the bill you introduced in January 1969 (S-418). I appreciate your support in our efforts to secure national status for the Museum, even though you informed us in July 1972 through Mrs. Carrol Canfield, Museum Manager, that action on S-418 would be discontinued due to the designation of the American Museum of Atomic Energy at Oak Ridge as a national museum.

Since then, the Sandia Atomic Museum has continued to expand. Our annual visitor count already exceeds that of the Oak Ridge Museum and includes, in addition to individual visitors and educational groups from the United States, many visitors from other countries. Since over 5,000,000 tourists visit Albuquerque every year, the potential count is almost unlimited. Also, the availability of a truly outstanding museum of international fame would undoubtedly increase Albuquerque's tourist count. A Foundation has recently been set up to lend community support and to provide financial assistance to the museum. Members of the Board of Trustees include Mr. Ralph Trigg; Mr. Don Kirby; Mr. Frank Mapel; Mr. Oscar Love; Lt. Gen. Emmanuel Schifani, USAF, Ret.; Mr. C. Bruce Hanson; Mr. R. P. Tinnin; Mr. George Doolittle; Dr. Clayton S. White; Maj. Gen. Francis W. Nye, USAF, Ret.; and myself.

The Museum is currently funded and staffed entirely by the Defense Nuclear Agency, probably the most logical controlling agency for such a museum. However, if the Museum is to continue to expand and improve, some form of national sanction and direct congressional funding is imperative. The size of our collection is outgrowing the space in our facilities. Our facilities are sufficient to provide teaching tours of the educational community on a number of subjects related to advancements in the field of nuclear research, but the lack of a professional staff greatly hampers our success in this area. We have the nucleus of an excellent research library, but staff and facility limitations drastically limit its use. In all areas, we are at a point in development where we must level off within the confines of our staff, facilities and budget if additonal funding and support cannot be located.

My concern is not solely for the preservation of nuclear history, but for the retention of New Mexico's claim on the right to present that history. In addition to the new Oak Ridge Museum, the Air Force Armament Museum will be opening at Eglin Air Force Base in November, and the West Point Museum is adding an area on the history of the Manhattan Project. What we have already accomplished can, and probably will, be duplicated to some extent in those other museums. However, with adequate funding we can present the most comprehensive record of nuclear history and the special role that New Mexico has in its development.

Albuquerque has long been recognized as the nuclear capital of the United States. since most of the nation's nuclear research program is conducted or administered from here. An institution dedicated to the preservation, restoration and interpretation of the history of nuclear research rightfully belongs here, and it would indeed be an injustice to the people of New Mexico if located elsewhere. We must either exercise our claim or lose it.

Since the major emphasis of the American Museum of Atomic Energy is currently restricted to the peaceful applications of atomic energy, to the exclusion of the history of atomic research, it is requested that you reconsider your earlier decision and reintroduce Senate bill 418. A proposed draft is enclosed for your consideration.

I hope it will be possible for you to visit the Museum again soon. I am sure that you

will be pleased with the progress we have made since your previous visit.

Sincerely yours,

L. V. SWANSON,
Rear Admiral, U.S. Navy, Commander.

Mr. MONTOYA. Mr. President, a National Nuclear Museum could take advantage of what Congress already has provided for the development of finer museums. I urge action on this measure during this session of Congress. Mr. President, I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

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

S. 3017

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Atomic Energy Commission is authorized and directed to provide for the establishment and maintenance, at a suitable site or sites in the State of New Mexico, of a National Nuclear Museum for the advancement of public knoweldge with respect to matters pertaining to the uses and development of nuclear energy. The Commission is authorized to acquire the site for such museum by purchase, gift, condemnation, or otherwise, and to make all necessary improvements thereto. Items displayed in such museum shall be selected to reflect their historical interest and educational value, subject to such limitations as the Commission in consultation with the Secretary of Defense, determines are necessary to the interests of the national security.

SEC. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

Mr. DOMENICI. Mr. President, I am pleased to join today with the distinguished senior Senator from New Mexico (Mr. MONTOYA) in the introduction of a bill to establish and maintain a National Nuclear Museum at a suitable site or sites in the State of New Mexico. The purpose for such a museum would be for the advancement of public knowledge regarding the history, the development, and the uses of nuclear energy.

As the distinguished senior Senator has so well described in his introductory remarks, the State of New Mexico is uniquely situated as the State for such a national attraction. It is altogether fitting, then, that the very important and impressive history of nuclear energy development and its great potential for benefit to the human race be permanently available for public view at the scene of its inception.

I am also particularly pleased that this bill is flexible enough to permit the most effective utilization of existing facilities and previous activities. I agree with Senator MONTOYA that these provide a firm foundation on which to build and that the U.S. Congress has not yet met its obligation to preserve and present to the American public this material of such historical and cultural importance. I am pleased that the sites presently located at Los Alamos and Sandia will be continued and improved and that the significant work already done there by dedicated and qualified people will be continued and upgraded.

For these reasons, Mr. President, I urge swift action on this bill so that it may quickly become the law of the land for the advancement of public knowledge of the history, development, uses, and vast potential of nuclear energy.

By Mr. FULBRIGHT:

S. 3018. A bill to authorize the Secretary of the Army to convey certain lands to the city of Charleston, Ark. Referred to the Committee on Armed Services.

Mr. FULBRIGHT. Mr. President, I am today introducing legislation to authorize the Secretary of the Army to convey certain lands to the city of Charleston, Ark., and ask for its appropriate referral.

The purpose of this bill is to transfer land from the Fort Chaffee Military Reservation to the city of Charleston, which land would be used for water impoundment for municipal and industrial needs, or for flood control purposes. The lake which would be created as a result of this legislation would be developed by the city of Charleston in conjunction with the Soil Conservation Service. It would significantly benefit residents of Franklin, Sebastian, and Logan Counties by insuring against a water shortage in the event of a drought, and by attracting industry to this area of Arkansas.

Mr. President, many citizens in this area of Arkansas have been working diligently for some time in an effort to meet the water resource needs of this locale, but it appears that the administrative difficulties presented make it unlikely that adequate relief can be obtained without legislation to accomplish this purpose. So, in view of the urgent need for an adequate water supply in this area, I respectfully request that the Senate Armed Services Committee and the Senate give prompt consideration to a matter which will mean so much to the economic and social progress of this area of my State.

Mr. President, I ask that the text of the bill be printed at this point in the RECORD.

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

S. 3018

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Army is authorized and directed to convey, by quitclaim deed or other appropriate instrument to the city of Charleston, Arkansas, all right, title, and interest of the United States in and to the following described property, together with any improvements thereon, comprising a portion of Fort Chaffee Military Reservation:

Part of Sections 17, 19, 20, 21, 28, 29, 30, 31 and 32, T-7-N; R-29-W, Sebastian County, Arkansas, and being more particularly described as follows:

Beginning at the Northwest corner of the NE¼ of the NW¼ of said Section 17, T-7-N; R-29-W; thence East 100 feet; thence South 5280 feet more or less to a point on the North line of said Section 20; thence East 1220 feet; thence South 3000 feet; thence East 1100 feet; thence North 1300 feet; thence East 1870 feet; thence South 940 feet; thence East 990 feet; thence South 1650 feet; thence East 990 feet; thence South 2310 feet; thence West 4710 feet; thence South 2460 feet; thence East 1100 feet; thence Southeasterly 1985 feet more or less to the Northeast corner of Section 32; thence South 660 feet; thence West 1320 feet; thence North 660 feet; thence West 1320 feet; thence South 870 feet; thence West 2310 feet; thence South 2100 feet; thence West 2310 feet; thence North 1650 feet; thence East 660 feet; thence North 2170 feet; thence East 1980 feet; thence North 1790 feet; thence West 1980 feet; thence North 1320 feet; thence West 1320 feet; thence North 2970 feet; thence West 920 feet; thence North 3630 feet more or less to a point on the North line of Section 19; thence East 4880 feet more or less to the Southwest corner of the SE¼ of the SW¼ of said Section 17; thence North 5280 feet more or less to the point of beginning, containing 1,900 acres.

SEC. 2. The conveyance authorized by the first section of this Act shall be made without consideration, but shall be made subject to the condition that such property so conveyed shall be utilized by the city of Charleston, Arkansas, for water impoundment for municipal and industrial needs of the area, or for flood control purposes. Upon a determination by the Secretary of the Army that any such property so conveyed is not being so used, all right, title, and interest in and to that property shall, upon such determination, revert to the United States.

By Mr. GRAVEL (for himself and Mr. STEVENS):

S. 3019. A bill to make available to the city of Ketchikan, Alaska, certain lands necessary to the replacement of the Carlanna Creek Dam. Referred to the Committee on Interior and Insular Affairs.

Mr. GRAVEL. Mr. President, in November 1973 the city of Ketchikan, Alaska, suffered a disaster with the break of the Carlanna Creek Dam, threatening the water supply for that city. The dam loss was declared a disaster by the President on November 7, 1973.

It is urgent that work begin on construction of a new dam. The land required is now in Federal hands as provided by the act of July 27, 1939 (53 Stat. 1131, which was passed to protect the Carlanna Lakes watershed area). In order for the construction to proceed, it is necessary for these lands (congressional setaside USS 1281 and 1282), be transferred to the State of Alaska which will, in turn, be turned over to the city of Ketchikan.

I send to the desk for appropriate referral a bill which would make these lands available to the city of Ketchikan, Alaska, for replacement of the dam.

By Mr. NELSON (for himself, Mr. MONDALE, and Mr. HUMPHREY):

S. 3022. A bill to amend the Lower Saint Croix River Act of 1972. Referred to the Committee on Interior and Insular Affairs.

Mr. NELSON. Mr. President, on behalf of myself and the distinguished Senators MONDALE and HUMPHREY of Minnesota, I am introducing legislation which will affirm the commitment of the Federal Government to fully protect the Lower St. Croix River as a segment of the National Wild and Scenic Rivers System.

Probably unique in the Nation, the Lower St. Croix flows near a major metropolitan area, Minneapolis-St. Paul, yet still retains much of its original natural beauty and pleasant, pastoral character.

Situated 52 miles along the Minnesota-Wisconsin border, the Lower St. Croix was originally included as a "study

river" in the Wild and Scenic Rivers Act of 1968. The Upper St. Croix was made an "instant river" in that same legislation.

Studies conducted pursuant to that designation determined that a different form of administration would be necessary, because of the urban-rural transition of the river. Because of the desire to both fully protect the river and to adhere to established principles of local jurisdiction in urbanized areas, half of the Lower St. Croix is to be administered by the States of Wisconsin and Minnesota, and the other half is to be administered by the Department of the Interior—National Park Service.

The Lower St. Croix River Act of 1972 took the official step of adding the Lower St. Croix—under the dual administration plan—to the Wild and Scenic Rivers System. The initial studies had determined that $7.275 million would be needed for the purpose of land and scenic easement purchase along the Federal segment of the river. That amount was authorized in the 1972 legislation.

However, since the inclusion of the river in the Wild and Scenic Rivers System, the Department of the Interior has prepared an advance master plan. That master plan has revealed that the Department feels that only about one-third of the Federal segment can be adequately safeguarded with the $7.275 million authorization. The plan as prepared provides for the land and easement purchase along 10.3 miles, leaving the remaining 16.7 miles virtually unprotected.

For their part, the States of Wisconsin and Minnesota, through Governors Lucey and Anderson and their respective departments of natural resources, have already demonstrated their willingness to protect the 25-mile State segments. Legislation has already been passed or is on the way toward passage providing for a significant State effort in land purchase and the development of State parks and recreation areas.

The extent of potential development along the Lower St. Croix makes a reaffirmation of the intention of the Federal Government to meet its obligation under the act all the more important. Already, 17 sites have been set out as possible housing or commercial development locations.

The Interior Department has determined that an additional $11.725 million will be necessary if the entire Federal segment is to be adequately protected for the use and enjoyment of future generations. This sum would be used for similar land and scenic easements along the lower portion of the Federal segment.

The legislation we are introducing today provides that additional authorization in the Lower St. Croix River Act of 1972, to reflect the updated estimates. It is my hope that through this legislation and cooperation from all parties involved in the administration of the Lower St. Croix that the original intent of the Congress can be met.

Mr. President, I ask unanimous consent that a statement submitted for the RECORD by the distinguished Senator from Minnesota (Mr. MONDALE) and a copy of the legislation, be printed in the RECORD at this point.

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

S. 3022

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6(a) of the Lower Saint Croix River Act of 1972 (86 Stat. 1174) is amended by deleting "7,275,000" and inserting in lieu thereof "19,000,000".

STATEMENT OF SENATOR MONDALE

Mr. President: I am privileged to introduce today with Senators Nelson and Humphrey a bill to amend the Lower St. Croix River Act to provide an additional $11,725,000 to carry out the preservation program for the riverway.

The Lower St. Croix River is in many ways unique in the nation. It is essentially the only unspoiled natural river in the United States which is adjacent to a major metropolitan area. The Lower St. Croix provides a wide variety of scenic and recreational opportunities to the residents of the Upper Midwest, including boating, swimming, canoeing, fishing, hiking, camping and simple aesthetic enjoyment. But because it borders the two States of Minnesota and Wiconsin and flows through some 36 units of local government, the Lower St. Croix poses particularly complex problems of preservation and management.

It is therefore appropriate that the Lower St. Croix River should be protected by a program which is also rather unique. It is the only river within the National Wild and Scenic Rivers System to be preserved through a cooperative federal-state management program with administrative responsibilities shared by the Department of Interior and by the States of Minnesota and Wisconsin.

Under this program, the Department of Interior is responsible for preservation of the 27 miles of the river between Taylors Falls and Stillwater, Minnesota; and the States have responsibility for the 25 miles extending from Stillwater downriver to Prescott, Wisconsin.

Under the leadership of Governor Wendell R. Anderson of Minnesota and Patrick J. Lucey of Wisconsin, the States have developed plans for the acquisition of scenic easements on all lands outside of incorporated communities within the State management zone. Plans are also underway to expand existing State parks and to develop the new Afton State Park in Minnesota and the Kinnickinnic State Park in Wisconsin to accomplish the goals of preservation and public recreation. The States are therefore moving ahead responsibly toward full protection for the stretch of the river corridor falling under their jurisdiction.

When the Congress approved the Lower St. Croix River Act in 1972, it established the funding level on the basis of an estimate of $7.275 million for acquisition and development along the 27 mile segment of the river to be administered by the Department of Interior. This funding level was considered to be adequate by the Administration and by the Congress at the time for the purchase of land and easements to protect the entire federal segment from Taylors Falls to the City of Stillwater.

However, on the basis of more detailed updated appraisals, the National Park Service now reports that the $7.275 million would only allow acquisition of land and easements along the upper 10 miles of the river from Taylors Falls to the Chisago-Washington County line. An additional 11.4 million would be required to purchase necessary land and easements so that the remaining 17 miles of the federal management zone can be preserved in perpetuity.

The legislation which Senator Nelson, Senator Humphrey and I introduce today is designed to accomplish this objective. We do not believe that preservation of any of the Lower St. Croix River should be compromised because of the current $7.275 million ceiling on funding for the program. Clearly, it was the intent of Congress in passing the 1972 Act to assure perpetual protection for the river in its present condition.

Mr. President, I am hopeful that the Congress can move quickly on the proposal we introduce today to achieve this pressing objective.

By Mr. KENNEDY (for himself, Mr. JAVITS, Mr. SCHWEIKER, and Mr. BEALL):

S. 3023. A bill to amend the Public Health Service Act to strengthen the research programs of the National Institutes of Health, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. KENNEDY. Mr. President, I am pleased to be able to introduce today legislation which proposes to create a President's Biomedical Research Panel. I wish it were not necessary to take this step. However, this Nation's biomedical research effort is now severely jeopardized. The recently submitted budget for 1975 tells the story. Funds for cancer research are proposed to increase by more than $70 million. The President's budget for heart disease research is up by more than $20 million.

Yet all of the rest of the National Institutes of Health is increased by only $1 million. The President's budget in this respect is shortsighted. It is not in the interest of the Nation's biomedical research community, which is the finest in the world. And, more importantly, it is not in the interests of making the requisite progress in biomedical research which will be required to ultimately improve the health of the American people.

Mr. President, this bill is modeled after the legislation which was enacted in 1971 which created the President's Cancer Panel. The Cancer Panel has been remarkably effective in assuring that the cancer program go forward in the most effective way possible. To a remarkable extent the success of this Panel is directly attributable to the efforts of its chairman, Mr. Benno Schmidt.

The legislation which I am introducing today, with the cosponsorship of my friend and colleague from New York, Senator JAVITS, will assure the integration of the overall biomedical research program by requiring that the chairman of the President's Cancer Panel is always one of the three members of the President's Biomedical Research Panel.

I believe a mechanism like this is necessary if we are to continue to have confidence in the maintenance of this country's leadership in biomedical research. At the conclusion of my remarks, Mr. President, I ask unanimous consent to include a letter to the editor which appeared in this past Sunday's edition of the Washington Post concerning the very serious threat which now exists for the Nation's biomedical research program. As the letter makes clear, scientific inquiry cannot be the handmaiden

of political necessity. This letter has been signed by more than 500 senior research scientists at the NIH.

Mr. President, next Tuesday my Health Subcommittee is scheduled to hold an executive session on my bill to extend and improve the National Cancer Act. And at that time I intend that the committee also consider the substance of the legislation that Senator JAVITS and I are introducing today.

Mr. President, I also ask unanimous consent that the entire text of my bill be printed in the RECORD.

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

S. 3023

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 "Biomedical Research Act of 1974".

SEC. 2. Title IV of the Public Health Service Act is amended by adding at the end thereof the following new section,:

"SEC. 455. (a) There is established the President's Biomedical Research Panel (hereinafter in this section referred to as the "Panel") which shall be composed of the Chairman of the President's Cancer Panel; and two members appointed by the President, who by virtue of their training, experience, and background are exceptionally qualified to appraise the biomedical research program of the National Institutes of Health. At least two of the members of the Panel shall be distinguished scientists or physicians.

"(b)(1) Appointed members of the Panel shall be appointed for three-year terms, except that (i) in the case of the two members first appointed after the date on which this section becomes effective, one shall be appointed for a term of one year and one shall be appointed for a term of two years, as designated by the President at the time of appointment, and (ii) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term.

"(2) The President shall designate one of the appointed members to serve as Chairman of the Panel for a term of one year.

"(a) Appointed members of the Panel shall each be entitled to receive the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule for each day (including traveltime) during which they are engaged in the actual performance of duties vested in the Panel, and shall be allowed travel expenses (including a per diem allowance) under section 5703(b) of title 5, United States Code.

"(c) The Panel shall meet at the call of the Chairman, but not less often than twelve times a year. A transcript shall be kept of the proceedings of each meeting of the Panel, and the Chairman shall make such transcript available to the public.

"(d) The Panel shall monitor the development and execution of the biomedical research programs of the National Institutes of Health under this section, and shall report directly to the President. Any delays or blockages in rapid execution of the biomedical research programs of the National Institutes of Health shall immediately be brought to the attention of the President and the Senate Committee on Labor and Public Welfare, the House Committee on Interstate and Foreign Commerce, the Senate Committee on Appropriations and the House Committee on Appropriations. The Panel shall submit to the President periodic progress reports on the biomedical research programs of the National Institutes of Health and annually an evaluation of the efficacy of the biomedical research programs of the National Institutes of Health and suggestions for improvements, and shall submit such other reports as the President shall direct. At the request of the President, it shall submit for his consideration a list of names of persons for consideration for appointment as Director of the National Institutes of Health."

FUNDING FOR BIOMEDICAL RESEARCH THROUGH THE NIH

As individual scientists at the National Institutes of Health in Bethesda, we believe that a public response to Dr. Charles C. Edwards' letter of January 24th will be useful. We are scientists who, in Dr. Edwards' own terms "are determined that NIH will contribute effectively and creatively to solution of the health problems facing this country and the world." But rather than decry, as Dr. Edwards does, the past leaders of the NIH, we credit them with making the NIH what Dr. Edwards calls ". . . the finest biomedical research institution in the world." With Dr. Edwards, we deplore the fragmentation of the NIH, but it is essential to recognize that this fragmentation was opposed by the NIH administration.

With extraordinary success, the leaders of NIH have established and administered an atmosphere of creative scientific inquiry. They accomplished this by operating on the principle that scientific and medical criteria, rather than political considerations, must be the basis for policy decisions related to biomedical research. Two decades of free scientific investigation, rather than large scale, mission-oriented, research projects, have resulted in accomplishments, such as elimination of Rh-incompatibility disease of the newborn, prenatal diagnosis of genetic defects, surgical correction of valvular heart disease, kidney dialysis and transplantation, cure of choriocarcinoma, and effective drug therapy for hypertension, various malignant lymphomas. Parkinson's disease, and mental illnesses.

Human endeavors of different kinds require a variety of administrative techniques. In the present instance, for example, the nation's $2 billion research effort sponsored by the NIH (10 per cent at the Bethesda laboratories and the remainder at universities, hospitals, and laboratories throughout the country) clearly requires a different administrative approach than does the $85 billion expenditure for health care and delivery. The administrative approach required by research (as distinct from technological development) reflects the very nature of research itself. One characteristic of research is, that one cannot know in advance how to plan large scale specific programs conerning essentially unknown phenomena. Another is the fact that the quality and extent of progress in research are not measurable by any of the yardsticks available for assessing performance and productivity in other fields, at least in the short run.

We fully appreciate the importance of political and economic considerations in the process by which the nation decides how much is to be spent on biomedical research. But whatever that sum may be, we believe that the nation will reap the largest benefit if scientific and medical considerations govern the programs and administration of the NIH.

ROBERT F. GOLDBERGER, M.D.
MAXINE F. SINGER, Ph. D.

BETHESDA.

(The above letter also bore the signatures of 512 senior research scientists at the National Institutes of Health.)

Mr. JAVITS. Mr. President, I am introducing today with Senator KENNEDY a bill to establish a President's Biomedical Research Panel. This bill is fashioned after the remarkably successful President's Cancer Panel provisions in the National Cancer Act enacted into law as Public Law 92-218. A panel creatively chaired by a distinguished New Yorker, Benno Schmidt.

The need for this measure is reflected in the administration's proposed budget for 1975. While the National Cancer Institute and the National Heart and Lung Institute reflect an increase of approximately $1 million for 1975, all the other vitally important research institutes of the National Institutes of Health are increased only $1 million over their 1974 appropriations.

I believe our Nation's biomedical research effort is the finest in the world. If it is to continue to maintain its excellence and leadership in improving the health of the American people, we must assure that it receive adequate funding priorities. This is the goal of the bill I introduce today with Senator KENNEDY.

The serious threat which exists for our Nation's biomedical research program is set forth in a letter to the editor which appeared in the February 17th edition of the Washington Post.

By Mr. RIBICOFF (for himself, Mr. WILLIAMS, Mr. MCGOVERN, Mr. METCALF, and Mr. PELL):

S. 3024. A bill to provide for the payment of unemployment compensation to workers whose unemployment is attributable to an energy shortage. Referred to the Committee on Finance.

ENERGY CRISIS UNEMPLOYMENT BENEFITS ACT OF 1974

Mr. RIBICOFF. Mr. President, today I am introducing legislation to provide up to 2 years of Federal unemployment benefits to those who are unemployed during or because of an energy shortage.

The present programs of unemployment benefits are not broad enough to deal with the energy emergency. They provide only a basic 26 weeks of unemployment benefits and an additional 13 weeks of benefits in those States where unemployment is unusually high.

The broad approach I am proposing here recognizes the need for temporary emergency action to assure the unemployed workers of Connecticut and the other States of regular income until the crisis is over.

The number of workers who have lost their jobs due to the energy crisis is growing. Since early December 226,000 persons have lost work because of the energy shortage. As of January 19, 2.6 million people were receiving unemployment benefits, an increase of 98,100 over the previous week and double the number who received benefits in mid-September of last year.

Too many of these people will exhaust their regular and extended benefits and still remain unemployed.

The assistance provided by this legislation will tide these unemployed workers and their families over the crisis.

New England, with its heavy dependence on oil, is extremely susceptible to a rise in unemployment. Over 75 percent of the electricity generated in the area is from oil. This compares with 14 percent nationally.

The New England economy will be

heavily hit in a number of ways. First, and most directly, unemployment can result from slowdowns and shutdowns in industry due to restrictions on the use of electricity, natural gas, and oil.

Second, many slowdowns and shutdowns may occur due to the uncertainty of the supply of petrochemicals. In Connecticut, where thousands of people are unemployed in the plastic industry, this is a significant economic factor.

Another factor in the New England economic outlook is the effect of curtailed automobile production for which many New England firms produce parts. Cutbacks can also be expected in the production of air-conditioning units, frost-free refrigerators and other appliances which consume a large amount of electricity.

New England's unemployment problems are already severe. The region's unemployment is now over 350,000 or 6.5 percent of the labor force—well above the national rate of 4.5 percent. This bleak unemployment picture can be expected to become bleaker in 1974 with the number of New Englanders without jobs increasing by 150,000 to one-half million—a rate of 9 percent.

By June it has been estimated that unemployment in Connecticut could go from its present figure of 70,000 to over 120,000.

According to a survey by the Connecticut Business and Industry Association, a 10 percent energy reduction would eliminate 7,208 Connecticut jobs. A 20-percent reduction would eliminate 38,-726 jobs. And a 30 percent energy reduction would eliminate 100,355 jobs in the State of Connecticut.

In the long run New England's economic prospects, especially those of Connecticut, are bright. Our State is a dynamic area that is attracting many service industries in trade, finance, health, education, the arts and recreation.

But we must not ignore the short-term problems of unemployment which are being aggravated by the energy crisis.

For that reason I am introducing the Energy Shortage Unemployment Benefits Act of 1974.

The legislation directs the President to make grants to the States to provide unemployment benefits to any individual who is unemployed during or because of an energy shortage. The benefits would take effect once a worker has exhausted his other unemployment benefits and they would not exceed the premium weekly payments under the regular unemployment program of that State.

To be eligible for payments under this program, it must be found that the unemployment of an individual is attributable to and energy shortage as defined in the National Energy Emergence Act of 1973.

The cost of this program will be borne by the Federal Government from general revenues. No additional tax is charged to the employees.

The workers of this country cannot afford to go through a severe period of unemployment without additional help. I hope this bill will receive prompt consideration.

By Mr. GURNEY:

S. 3025. A bill to require the Secretary of Labor to make periodic reports concerning the rate of unemployment and the extent to which the unemployment rate is attributable to the energy shortage, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. GURNEY. Mr. President, today I am introducing a bill which would direct the Administrator of the Federal Energy Office to increase a State's petroleum allotment if the unemployment rate in that State has risen 0.5 percent per month above the State's 1972 unemployment rate per month due to the energy shortage.

Mr. President, I am sure my colleagues are well aware that the Nation's unemployment rate has jumped from 4.8 percent to 5.2 percent during the month of January. This represents the largest monthly increase since the start of 1970. The January unemployment rate increase was the third month in a row that unemployment has risen since October, when the Arab oil embargo began.

Although the unemployment rate was predicted to increase, there is no doubt that the energy crisis has had a major effect of wiping out a substantial number of jobs. The Department of Labor has stated that the "unemployment for the month—of January—or 4.7 million seasonally adjusted" was almost 370,000 more than those unemployed after adjustment in December. Of this number, an estimated 98,000 are workers in the automobile industry; 40,000 from service stations and automobile dealerships, 38,000 from the service industry—that is, airlines, motels, resorts—and 20,000 in public utilities. Nobody doubts that it will continue to go up, the only question now is how high it will rise.

The significant rise in the rate of unemployment is evident in many States. New York State reports an increase of 25,000 unemployed persons in the month of December. This represents an increase of 0.3 percent over the previous month.

California also reports a high unemployment rate. In December, there were 10,000 new victims of the energy crisis; bringing the State unemployment rate to 5.5 percent in December from the previous rate of 5.3 percent in November. Authorities predict that if the energy situation continues as it is, the unemployment rate in California could well reach or surpass 8.5 percent during fiscal year 1974–75; with an estimated additional 122,000 to 262,000 persons out of work.

My own State of Florida has been directly hit by shrinking fuel supplies. Particularly hard hit is the recreation industry, construction, boat manufacturing and transportation. Disney World, for example, according to the New York Times, has laid off a total of 1,700 persons including part-time college students.

In December, the unemployment rate was 3.3 percent, up from 3 percent in November and 3.1 percent in December of 1972. In the first week of January unemployment in Florida directly due to the energy shortage, was reported to be 9 to 10 percent.

At this time, I would like to call my colleagues' attention to an article which appeared in th U.S. News & World Report entitled "Fuel Crunch: Who's Losing Jobs—and Who's Next."

This article focuses on some of the major industries that have felt the brunt of the energy shortage, including the airlines and the automobile industry.

The airline industry has been particularly hard hit by the energy crisis. After the Federal Energy Office ordered reduced fuel allocations in October, the airlines began major cutbacks, including the furloughing of low-seniority workers, whose jobs may never be restored. So far 16,500 airline employees have suddenly found themselves out of work. Much is the same for the auto industry.

While automobile manufacturers have cut down production of large cars, the unemployment rate for the industry workers has risen dramatically. General Motors is furloughing 86,000 employees in the months of January and February; 38,000 of which are to be laid off indefinitely.

This article also points out that it is not just the big companies that are laying off workers as the fuel crisis tightens, but hundreds of small firms in scores of industries which are affected as well. I ask that this article be printed in the RECORD at this time.

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

FUEL CRUNCH: WHO'S LOSING JOBS—AND WHO'S NEXT

Businessmen and labor leaders are voicing growing alarm over layoffs resulting from the energy crisis—and the threat of more joblessness to come.

Thousands of workers in diverse lines already have been furloughed for lack of needed fuel, raw materials and power.

In some cases, scheduled end-of-the year shutdowns are being extended into the early weeks of 1974. In a few instances, small producers talk of closing their plants indefinitely.

The auto, plastics and airline industries have been hardest hit up to now, but fears are widespread that layoffs will fan out to many other fields.

I. W. Abel, president of the Steelworkers Union, asked the Government to relax antipollution standards to allow steel mils to make wider use of coal. Failure to do so, he said, could force layoffs of; 50,000 to 60,000 employes.

The AFL–CIO, opening a broad attack on the Administration's handling of fuel problems, predicted that unemployment could reach 7 or 8 per cent in 1974. That would add 2.4 million idle workers to the 4.3 million now out of jobs, a Federation economist asserted.

So far, nearly 20,000 workers who have lost their jobs directly or indirectly because of fuel problems have registered at unemployment-compensation offices across the U.S. The total includes some people already getting benefits, as well as others just applying, the Labor Department said.

AUTO WORKERS' PLIGHT

Layoffs in the auto industry stemming directly from the energy crisis will total about 185,000 at the start of 1974, according to Detroit estimates.

In that industry, the furloughs are coming because manufacturers are overstocked with larger cars, which are not selling as well as small models.

Some of the laid-off auto workers will not return immediately to their jobs, in cases where plants are being converted from big-car production to smaller units.

Union officials have been predicting even heavier layoffs in the auto plants in months just ahead, based on the likelihood of further production cuts on big cars.

Auto workers generally get the benefit of supplementary unemployment compensation, which assures most of them of nearly 95 per cent of their regular pay while they are out of work. But workers in many other industries do not enjoy such a large cushion. For them, the fuel crisis means a layoff with smaller State unemployment checks coming in. Thousands of other workers face shortened workweeks and loss of overtime pay.

The prediction of a large rise in unemployment, from the current rate of 4.7 per cent, came from Nathaniel Goldfinger, the AFL-CIO's research director.

Mr. Goldfinger said unemployment could go as high as 8 per cent as the result of the "complicated mess we're in." He said the energy crisis comes at a time when the country already "was heading into higher unemployment because of the very high interest rates and tight money."

As a result, he expects" continued inflation," with sharply rising prices.

The industrial-union department of the AFL-CIO has begun a survey of its affiliated unions to determine the size of current and upcoming layoffs in their particular industries.

The department's president, Mr. Abel, on December 18 attacked the Nixon Administration's handling of the crisis. He has warned of rising unemployment.

TEAMSTERS MOVE

Concern over the impact of the fuel pinch on industry was dramatized by these developments—

The Teamsters Union told trucking lines it is reopening the national contract to get wages increased. Cutbacks in highway speeds as a gasoline-saving measure, the union said, are slashing drivers' paychecks—based on mileage driven—by 15 to 20 per cent.

Government wage stabilizers voiced concern that other unions may copy the Teamsters move. Various agreements in other lines, as in trucking, permit new wage talks as a result of Government action of one type or another.

The National Association of Manufacturers on December 21 released a list of hundreds of products it described as being in "critical supply," with severe impact on jobs in many instances. The shortages, tallied in a survey of 2,300 of its members, were blamed largely on wage and price controls which, some analysts say, have been intensified by the fuel pinch.

Employes of airlines were among the first to suffer furloughs tied to energy problems. More than 5,000 workers have been laid off by airlines so far, according to William Jackman, assistant vice president of the Air Transport Association of America. He added:

"We've estimated that unless the fuel allocation is adjusted [upward], more than 25,000 airline employes will be laid off. Most of these cuts have to be done by January 7."

The air carriers have been told that they will get 25 per cent less fuel than their scheduled requirements for 1974.

Individual airlines have been reporting heavy cutbacks in schedules and payrolls as a result of the fuel curbs.

A union agreement with one airline, however, guarantees that there will be no layoffs for the union's members there. The Machinists Union and Braniff Airways on November 16 signed a new two-year agreement that continues a provision pledging management to avoid furloughs.

The Machinists Union says that the clause was extended to include problems arising from fuel shortages.

At a meeting on December 20, officials of the Air Line Pilots Association said that a strike might be called in February if airline operations have to be cut back.

PLASTICS' PROBLEMS

By contrast with the big airlines, the energy crisis is hurting many small businesses in the plastics industry. As part of the oil crisis, the industry is running short of petrochemicals needed for plastics manufacture. Sam Nuspliger, director of public affairs of the Society of the Plastics Industry, Inc., puts it this way:

"The smaller molder is the one that feels this shortage first because he may have just a one or two-item line. If he has two machines and his raw material is cut back, he just will close down.

"If he has 20 machines, he may cut back but keep operating. A larger operation may be able to get by by cutting overtime rather than laying off workers."

Mr. Nuspliger said that there are fewer than 400,000 employes in the plastics industry, "but a slowdown in our industry will affect the electronics and auto industries." Some shortages of plastic parts already are reported.

Larry Gottsegen, vice president of Gotham Industries, of Leominster, Mass., cites this example:

"Leominster is 80 per cent dependent on plastic molding. Gotham Industries produces plastic housewares, furniture and beverage cases. There are more than 100 firms in our line of work.

"Our plant is running at less than 50 per cent capacity and we are faced with even further cutbacks. We could run our business at 25 or 30 per cent of capacity, and, although we wouldn't be making any money, we could ride out the storm. Many companies won't be able to ride it out."

Gotham Industries farms out half of its custom work to other companies. Out of some 700 workers involved altogether, about 350 have been furloughed so far, Mr. Gottsegen said. Normally, workers get considerable overtime work, but now one quarter of the factory is on 30 to 35 hours, rather than the usual 40.

"STAGGERING" TOTAL?

The plastics official predicted that there will be a "staggering" number of layoffs in the industry. An officer of another company, he added, told him it intended to lay off 800 workers early in 1974.

In Lenexa, Kans., Ron G. Dolasky, sales manager for Sunset Plastic Products, said that the plant would have to got out of business unless it found new sources of resin. Its former supplier stopped production of the type used.

Mr. Dolasky said his company's labor force had been cut from 130 workers to 30 in early December.

Plastics firms in the Southeast also tell of supply problems. Again, many of the companies are small businesses that may be forced to close.

Charles J. Silver, president of Silver-Line Plastics Corporation, in Asheville, N.C., says he has furloughed 18 of his 30 employees since October. There will be further layoffs, he said, if he can't get more polyvinyl chloride by February.

All overtime has been eliminated, and 10 to 15 per cent of the workers have been laid off at two plants of Perma-Pipe Corporation, based at Stone Mountain, Ga., according to J. J. Cawley, president.

Mr. GURNEY. We, here in Congress, are working on legislation which will change our Nation's unemployment insurance program so as to include those workers directly affected by the energy crisis by permitting extended unemployment insurance benefits for up to 2 years, along with training and relocation benefits. However, we must also take the necessary action to insure that where jobs can be protected by reallocating petroleum products, the authority to take these steps will be there.

The legislation I am introducing will first direct the Secretary of Labor and the Administrator of the Federal Energy Office to determine and analyze the current and prospective unemployment rate in the United States which is attributable to the energy shortage and to report its findings to Congress within 30 days and each 60-day period thereafter. Second, the Administrator will be directed to increase a State's petroleum allotment if it is determined that a State's unemployment rate, attributable to the energy shortage, increased by 0.5 percent during a 30-day period, corresponding to the same 30-day period in 1972.

Mr. President, I strongly urge the Senate to adopt this measure so as to assure that those who are presently working are not left hanging in the air as to whether they will be next in line at the unemployment office. We must guarantee that this will not happen.

I ask unanimous consent that this bill be printed in the RECORD following my remarks.

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

S. 3025

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Labor, within the thirty-day period following the date of the enactment of this Act and each thirty-day period thereafter, shall submit to the Congress and the Administrator of the Federal Energy Office such reports as may be necessary to keep the Congress and the Administrator fully informed as to the current and prospective unemployment rate in the United States, including the extent to which such unemployment rate is attributable to the energy shortage, together with the recommendations of the said Secretary with respect thereto.

SEC. 2. The Administrator of the Federal Energy Office, upon being notified by the Secretary of Labor that the unemployment rate of any State, during any thirty-day period following the date of the enactment of this Act, has increased by 0.5 per centum or more over such rate in effect for the corresponding thirty-day period during calendar year 1972, shall, if such increase was attributable to the energy shortage, take such action as may be necessary to increase that State's petroleum allotment to such extent as may be necessary to return the unemployment rate in such State to that rate which existed for the period immediately preceding the period during which such rate so increased. Notwithstanding the foregoing provisions of this section, the Administrator of the Federal Energy Office shall not increase any State's petroleum allotment pursuant to this Act by means of diverting petroleum products from one region or area to another if such diversion would result in an increase in the rate of unemployment in such region or area.

By Mr. DOMENICI:

S. 3026. A bill to exempt the first sale of certain categories of crude oil from Government price controls. Referred to the Committee on Interior and Insular Affairs.

Mr. DOMENICI. Mr. President, I am introducing a bill today which I feel is absolutely necessary to insure the continued exploration and development of

new sources of crude oil in the United States.

It is a fact that well over half of the new oil produced in this country in recent years was discovered and produced by producers who are not a part of any integrated oil company and whose oil operations are confined entirely to the United States. This category of oil producer I will refer to as independent domestic producers. These independent producers accounted for more than 80 percent of the new domestic oil discovered last year.

It is obvious then that this is the category of oil producer about whom we ought to be concerned in our efforts to make this Nation truly self-reliant in terms of petroleum products. It is these 10,000 or so small and medium producers who have always been, who are now, and who will continue to be the key to domestic petroleum exploration and development—hence they are also the key to Project Independence.

Mr. President, at the present time there are price controls on certain categories of crude oil produced in this country, regardless of who produces that oil. These controls act to the detriment of independent domestic producers who take most of the risks in exploring for and developing new wells. These controls, quite obviously, discourage further exploration and development.

There is also legislation pending in the Congress which would place a price ceiling on all categories of domestic crude oil at $5.25 per barrel with administrative procedures to raise that ceiling to $7.09 for some categories. Under certain special circumstances this ceiling could be exceeded.

This rollback, in my opinion, would be counterproductive in the long term because it would severely limit the exploration incentive oil producers must have, inevitably resulting in diminished crude oil exploration, development and production. This is particularly true regarding the independent domestic producers who have the best track record of searching for, finding and producing new oil, and who are still the best hope for increasing the Nation's petroleum supply. These discovery and development operations are risky and expensive and the independent producer's financial ability to take those risks and bear those astronomical expenses is directly related to the price of the crude he produces.

The bill I introduce today would remove all price controls on crude oil produced by independent domestic producers from wells brought into production after the date of enactment. This will allow these producers to receive sufficient return from oil operations and investments to explore and develop the new sources so essential to national energy independence.

The other feature of my bill relates to stripper wells which for the most part are operated by independent domestic producers. Whether or not stripper wells continue to produce is directly dependent upon the price of oil; that is, when the well begins to lose money, it is shut down and abandoned. It seems senseless to me, Mr. President, to refuse to allow a price at least equal to the $10 per barrel it costs to produce stripper well oil and daily deny our citizens the use of some 250,000 barrels of domestic oil—that amount produced each day by stripper wells when economically profitable.

Our demand for that 250,000 barrels of oil—foreign or domestic—will continue and we, when buying from foreign countries at whatever price, will send dollars out of our country and pay a price even greater than $10, while our own wells sit unworked with vast quantities still in the ground; at the same time, frustrated motorists are lined up for miles at filling stations just trying to get enough gas to get home.

For the welfare of our consuming public and for the economy of our Nation and her independent domestic producers, I feel this legislative measure is necessary. Accordingly, Mr. President, I urge its immediate consideration and swift enactment.

I request unanimous consent that the bill be printed at this point in the RECORD.

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

S. 3026

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the first sale of the following categories of crude oil shall not be subject to price restraints established pursuant to the Economic Stabilization Act of 1970, as amended, or the Emergency Petroleum Allocation Act of 1973, as amended:

(1) crude oil produced from any lease whose average daily production for the preceding twelve-month period does not exceed ten barrels per well, and,

(2) crude oil produced from any well put into production on or after the date of enactment of this Act, by any oil producer who produces only crude oil or natural gas in the United States and who does not own or control any transporting, refining, or marketing facilities.

By Mr. HUMPHREY:

S. 3027. A bill to provide assistance and full-time employment to persons who are unemployed or underemployed as a result of the energy crisis. Referred to the Committee on Labor and Public Welfare.

ENERGY EMERGENCY EMPLOYMENT ACT OF 1974

Mr. HUMPHREY. Mr. President, the "energy crisis" has cost the American worker dearly, and he has just begun to pay.

Cutbacks in big-car production at seven General Motors plants will result in the long-term elimination of some 38,000 hourly and salaried jobs. The United Auto Workers says more than 100,000 of its members are on indefinite layoff already with more to come.

Layoffs on the airlines, since the fuel shortage hit last fall, climbed to 16,971 by the end of January.

Labor Department statistics indicate that some 50,000 jobs in auto dealerships and service stations were lost in December 1973 alone.

Lockheed Aircraft Corp., the country's largest defense contractor, announced in mid-January that 2,500 workers will be laid off due to the jetliner slump caused by the energy shortage. This brings to 5,000 the number of jobs lost since mid-November. The firm said that many of these workers have considerable seniority. And in December, Cessna Aircraft Co. in Wichita, Kans., laid off 2,400 of its 11,000 workers.

In Florida, uncertainties caused by the energy crisis, resulted in a 15 percent dip in tourist trade between Christmas and New Year's Day and a substantial loss of jobs. Disney World, for example, laid off 700 permanent employees because of an attendance drop blamed on the energy crisis.

In Michigan, the State's employment service officials confront severe unemployment prospects. Some predict unemployment will be pushed by the "energy crisis" to as high as 12 percent later this year.

At home, in Minnesota, the "energy crisis" is taking a particularly heavy toll of jobs in the plastics industry where petrochemical feed stocks are very hard to get; in the airline industry due to fuel shortages and related schedule changes; and in the tourist industry as a result of unreliable gas supplies and higher prices. Workers in a range of other industries have also been affected.

During the second week in January, the number of Minnesotans with active claims for jobless benefits soared by 2,722 persons to 61,183—the highest level in more than a decade. Active claims are up 11,407, or nearly 25 percent, from the 49,776 of the same week of last year. While no quantitative estimate of the portion of those job losses due to the energy crisis is available, all agree it is a major factor.

We are just beginning to get a picture of nationwide job losses resulting from the energy crisis.

The Department of Labor's report on the January employment situation, issued on February 1, said "preliminary information intended to provide estimates of employment reduction that resulted directly from shortages of fuel or power and shortages of other materials arising from energy shortages suggest that the number of jobs eliminated in the past several months was substantial." Unfortunately, the Labor Department was unable to give a quantitative estimate. However, it appears that the bulk of the additional 370,000 people added to the ranks of the unemployed during January, had worked in the automobile, airline, hotel/motel, and retail gasoline industries, which have been hardest hit by the energy emergency.

A close look at the data also indicates that the unemployment rate for adult men, usually the most stable of the various categories of the unemployed, rose by over 13 percent during the month of January. This compares with an increase in the rate of unemployment among adult women of 4 percent.

The Labor Department reported on February 7 that the number of workers claiming they lost their jobs because of the energy crisis has risen steadily since early December and at latest count stood at 226,000. This represented an increase of roughly 100,000 in the number claiming energy related unemployment in one

short month. As the Arab oil embargo continues unabated, we can expect such job losses to continue to mount.

Unemployment was expected to rise significantly above its 4.5 percent October 1973 level by most economists. It was variously estimated at increasing to 5.0 percent or even to 5.5 percent for the year. This would have meant an additional 450,000 to 900,000 unemployed in 1974. However, all the experts have now changed their projections to take the Arab oil embargo into account.

The revised unemployment forecasts, taking the Arab oil embargo into account, generally predict a 1974 unemployment rate of between 5.8 percent and 6.5 percent. In other words, the Wharton School, Development Resources, Chase Econometrics, and other highly respected economic "crystal ball" organizations now believe that the energy crisis will take away an additional 270,000 to 900,000 jobs.

The respected economist, Walter Heller, has recently estimated that some 600,000 workers will lose their jobs to the oil crisis in 1974. He feels that unemployment that otherwise would have topped out at about 5½ percent will go up over 6 percent and average nearly 6 percent for the year.

The administration's economists are still saying that they expect the 1974 rate to average just over 5.5 percent.

Herbert Stein, Chairman of the President's Council of Economic Advisers, has estimated that unemployment would increase 0.3 to 0.6 of a percentage point, or 270,000 to 540,000, as a result of the Arab oil embargo. Of course, this estimate was made in mid-December when hopes where high that an end to the fighting in the Middle-East would soon bring a resumption in oil shipments from Arab countries to the United States.

Other economists claim much larger unemployment will result from the energy crisis than the administration or the majority of forecasting organizations estimate.

Wassily Leontief, the Harvard economist who has received the Nobel Prize in economics for his input-output work, predicts a "10 percent reduction in the level of economic activty." His close associate, Anne P. Carter, recently told a Joint Economic Committee hearing that we could expect "a cut of at least 10 percent in employment," largely as a result of the energy crisis.

While there is no consensus as to the exact number of jobs that will be lost in 1974 as a result of the energy crisis, there is no doubt that it will cost American workers hundreds of thousands of jobs.

It is also apparent that the nature of this unemployment will be substantially different from that resulting from a general economic slowdown. More specifically, energy related layoffs will affect some industries very severely and others not at all. It will affect highly skilled and highly paid workers who are normally unaffected by recession layoffs. And it will hit some areas of the country much more severely than other areas.

The administration's recently announced response to this growing employment emergency has been woefully inadequate. They would provide $1 billion in additional unemployment compensation for the fiscal year beginning on July 1. While this will help workers make ends meet, if their areas of the country meet the administration's unemployment criteria, it will not provide a single new job. Nor will it help workers whose unemployment benefits run out before July 1. Further, it does not respond to the unique characteristics of energy-related unemployment.

Because of the extent of unemployment resulting from the energy crisis, and the unique nature of the unemployment that is and will take place, I believe a major new program is needed to provide jobs and assistance specifically to these affected workers.

I believe such a program is appropriate, since without it these workers will be forced to bear a very heavy and inequitable share of the burden imposed on our Nation by the energy crisis. It is undeniable that the prosperity of all Americans relies first and foremost on the maintenance of full employment. A concerted effort to get these workers and their skills fully and productively engaged in our economy is essential. Not only will such a program deal fairly with our workers, but it will also provide needed stimulus to an economy on the verge of a major recession.

The legislation that I am introducing today—the Energy Emergency Employment Act of 1974—is designed to meet the legitimate needs of the energy related unemployed as rapidly and equitably as possible with the lowest possible cost to the American taxpayer.

This bill has three substantive titles.

Title I sets up an "Energy Emergency Employment Board," chaired by the Secretary of Labor. The director of the Federal Energy Office would be on this Board, along with five public members—a labor representative, management representative, economist, manpower expert, and general public representative. The Board would draw primarily on the Federal bureaucracy for expertise, but would also have a small staff of its own.

The Board would:

Oversee the emergency employment program authorized in this bill;

Develop an "early warning system," by industry and geographic area, to anticipate major energy emergency related layoffs and see to it that programs are in place when needed;

Recommend to the President and Congress additional measures to cope with energy related unemployment problems;

Establish the detailed guidelines and criteria under which the programs proposed in this bill would operate; and

Report to Congress and the President, every 6 months, at least, their projections of energy-related underemployment and unemployment.

Title II would set up a public service employment program. This program would provide financial assistance to public service employers to provide jobs to the unemployed. Public service employers would apply to the Secretary of Labor to participate in this program.

Special consideration will be given in the provision of public service jobs to those unemployed as a result of the energy crisis.

Eighty percent of the funds appropriated pursuant to this bill shall be available to a State strictly on the basis of its share of total unemployment in the United States. The remaining 20 percent will be allocated to areas suffering from substantial unemployment as a result of the energy crisis.

This title would also authorize a special program of incentives to private employers to hire the energy related unemployed. The two major incentives are:

Reimbursement of training and recruitment costs for companies taking on those unemployed as a result of the energy crisis, and

A 15-percent Federal income tax credit on the first 12 months of wages paid by a private employer to a worker formerly unemployed as a result of the energy crisis. This credit would only be available for wages to persons certified as "energy related unemployed" by the State employment service under guidelines set by the Board, and only after such a worker was employed for 12 consecutive months.

Title III provides "economic adjustment assistance" to workers losing jobs because of the energy crisis, until they are able to find a new fulltime job.

"Economic adjustment assistance" under this title includes the following:

Readjustment assistance allowance;

Training and counseling help;

Relocation allowance; and

Health insurance benefits.

I believe that this comprehensive approach is needed.

It would assure an overall focus on energy-related unemployment and actions to reduce its impact on people and the economy.

It would provide limited financial assistance to help those thrown out of work by the energy crisis to protect themselves and their families from economic ruin, while also assisting the affected worker in quickly returning to the labor force.

It would give private industry an incentive to quickly employ those who have lost jobs, and at a cost to the taxpayer that would be substantially less than if only public service employment were available.

It would include a public service employment program to provide useful employment and reduce the need for extended periods of direct financial assistance to workers losing jobs as a result of the energy crisis.

Mr. President, I believe that legislation of the type I am offering today deserves the careful, but immediate, consideration of the Senate. Those who have already lost their jobs, and those thousands who will join them each day for months to come, need the help this legislation offers, and they need it now.

Mr. President, I ask unanimous consent that the full text of the Energy Emergency Employment Act of 1974 be printed at this point in the RECORD.

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

S. 3027

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 "Energy Emergency Employment Act of 1974".

CONGRESSIONAL STATEMENT OF POLICY AND FINDINGS

SECTION 1. (a) Congress hereby finds and declares that—

(1) The scarcity and higher price of fuel and energy intensive products, called the "energy crisis," has resulted in the loss of employment for hundreds of thousands of workers.

(2) Those unfortunate workers have lost their jobs through no fault of their own and, in a period of rising unemployment and slackening national economic growth, will have great difficulty obtaining alternative employment without special help from their government.

(3) A program to help citizens who have lost jobs because of the "energy crisis" is appropriate, because without it these workers will be forced to bear a very heavy and inequitable share of the burden imposed on our nation as a result of the energy crisis.

(4) A strong national economy and the well-being of all Americans depends upon keeping the maximum possible number of our workers fully employed.

(5) The nature of unemployment and underemployment resulting from the energy crisis varies greatly. It is short-term and long-term; it affects the newest workers only, in some places, and entire plants in others; it affects some areas of the country and of a State greatly and others very little.

(b) It is the purpose of this Act to detect unemployment and underemployment as a result of the "energy crisis" as early as possible; to provide affected workers with assistance for the period of time they are underemployed or unemployed: to return affected workers to full time productive private or public employment as quickly as possible, and to provide areas with particularly heavy energy related joblessness special employment assistance.

TITLE I—ENERGY EMERGENCY EMPLOYMENT BOARD

SEC. 101. (a) There is hereby established within the Department of Labor an Energy Emergency Employment Board (hereafter referred to as the "Board"). It will consist of five private members appointed by the President by and with the advice and consent of the Senate as follows:

(1) One member shall be representative of labor.

(2) One member shall be representative of management.

(3) One member shall be a distinguished economist.

(4) One member shall be a distinguished manpower expert.

(5) One member shall be a representative of the general public.

(b) The Board will also include two "ex officio" members, as follows:

(1) The Director of the Federal Energy Office.

(2) The Secretary of Labor, who will also serve as Chairman.

(c) Not more than four members of the Board shall be members of the same political party.

(d) Each private member shall hold office for a term of two years, or until the energy employment emergency is determined to be ended by Congress. Each of the five private members shall serve full time.

(e) The Board shall meet at the call of the Chairman or at the call of the President and in no event less than once each month. A quorum shall consist of four members, but must include at least three private members.

(f) Members of the Board shall receive compensation at the rate prescribed for level IV of the Executive Schedule by section 5315 of title 5 of the United States Code.

(g) The Chairman, with the approval of the majority of the Board, is authorized to employ, and fix the compensation of, such specialists and other experts as may be necessary for carrying out the Board's functions under this act, without regard to the provision of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, and is authorized, subject to such provisions, to employ such other officers and employees as may be necessary for carrying out its functions under this Act and fix their compensation in accordance with the provisions of such chapter 51 and subchapter III of chapter 53.

(h) The President shall nominate the private members of the Board, for Senate approval, within 30 days from the date of enactment of this Act.

FUNCTIONS OF THE BOARD

SEC. 102. (a) The Board is authorized and directed to—

(1) oversee the implementation of the energy emergency employment programs authorized in this act,

(2) recommend to the relevant Executive agencies and to the Congress programs and policies that will return those persons rendered unemployed or underemployed, as a result of the energy emergency, to productive full-time employment as rapidly as possible,

(8) develop an early energy unemployment warning system, to be administered by the Department of Labor, that will assure a timely identification and adequate response to job losses arising from the energy emergency,

(4) undertake manpower planning projects to estimate long and short term energy emergency related employment trends, by sector, by industry, by geographical area, and by occupation,

(5) develop guidelines, standards, and criteria for the allocation and use of public funds under the emergency energy employment programs in the public and private sectors, provided for in this act,

(6) conduct independent evaluations of programs carried out under this act and publish and distribute the results thereof,

(7) make recommendations, including recommendations for changes in legislation, for the improvement of the administration and operation of programs authorized under this act,

(b) The Board shall make a semi-annual report to Congress and the President, and such other reports as it deems appropriate. This report shall include an evaluation of the effect of the programs authorized in this act in providing for the needs of those rendered unemployed or underemployed as a result of the energy emergency. The report shall include a projection of energy related unemployment during the next twelve month period and alternative employment opportunities that can be expected. It shall also include the Board's recommendations on further actions to be taken by Congress and/or the President to help reduce the unemployment impact of the energy emergency.

(c) For the purposes of this section, funds may be used from any of the sums appropriated to carry out the purposes of this Act.

TITLE II—ENERGY EMERGENCY EMPLOYMENT OPPORTUNITY PROGRAM

PART A—ENERGY EMERGENCY PUBLIC SERVICE EMPLOYMENT OPPORTUNITY PROGRAM

SEC. 201. (a) The Secretary of Labor (hereinafter referred to as the "Secretary") shall enter into arrangements with public service employers, in accordance with the provisions of this Act and the guidelines, standards and criteria established by the Board, in order to make financial assistance available for the purpose of providing employment opportunities, particularly for persons who are unemployed or underemployed as a result of the energy emergency, in jobs providing needed public services.

(b) Financial assistance shall be provided under this Act pursuant to applications submitted by eligible public service employers, which shall be—

(1) states;

(2) cities, counties, and other units of general local governments;

(3) local educational agencies and community colleges; and

(4) other public or private nonprofit agencies and institutions, and institutions of the Federal Government, which operate facilities and programs providing public services.

APPLICATION FOR ASSISTANCE

SEC. 202. (a) An application for financial assistance for the purpose of carrying out a public service employment program under this Act shall set forth a public service employment program, and related training and manpower services, designed to provide jobs in needed public services in such fields as environmental quality, energy conservation, health care, housing and neighborhood improvements, education, public safety, crime prevention and control, correctional and rehabilitation programs, recreation, maintenance of streets, parks, and other public facilities, rural development, transportation, beautification, conservation, and other fields of human betterment and public improvement.

(b) An application for financial assistance for a public service employment program under this Act shall include provisions setting forth—

(1) assurances that the activities and services for which assistance is sought under this Act will be administered by or under the supervision of the applicant, identifying any agency or institution designated to carry out such activities or services under such supervision;

(2) a description of the area to be served by such programs, the dimensions and nature of the unemployment problem, and a plan for effectively serving, on an equitable basis, the significant segments of the population to be served, including data indicating the number of potential eligible participants and their income and employment status;

(3) assurances that special consideration will be given to the filling of jobs which provide sufficient prospects for advancement or suitable continued employment by providing complementary training and manpower services designed to (A) promote the advancement of participants to employment or training opportunities suitable to the individuals involved, whether in the public or private sector of the economy, (B) provide participants with skills for which there is an anticipated high demand, or (C) provide participants with self-development skills, but nothing contained in this paragraph shall be construed to preclude persons or programs for whom the foregoing goals are not feasible or appropriate;

(4) assurances that special consideration in filling public service jobs will be given to persons unemployed or underemployed as a result of the energy emergency, and persons who have served in the Armed Forces of the United States (and who have received other than dishonorable discharges) as determined in accordance with criteria established by the Secretary with the concurrence of the Administrator of Veterans Affairs; and that the applicant shall (A) make a special effort to acquaint such individuals with the program, and (B) coordinate efforts on behalf of such persons with those authorized by chapter 41 of title 38, United States Code (relating to job counseling and employment services for

veterans) or carried out by other public or private organizations or agencies;

(5) assurances that, to the extent feasible, public service jobs shall be provided in occupational fields which are most likely to expand within the public or private sector;

(6) assurances that due consideration be given to persons who have participated in manpower training programs for whom employment opportunities would not be otherwise immediately available;

(7) a description of the methods to be used to recruit, select, and orient participants, including specific eligibility criteria, and programs to prepare the participants for their job responsibilities;

(8) a description of unmet public service needs and a statement of priorities among such needs;

(9) a description of jobs to be filled, a listing of the major kinds of work to be performed and skills to be acquired, and the approximate duration for which participants would be assigned to such jobs;

(10) the wages or salaries to be paid persons employed in public service jobs under this Act and a comparison with the wages paid for similar public occupations by the same employer;

(11) where appropriate, the education, training, and supportive services (including counseling and health care services) which complement the work performed;

(12) the planning for training of supervisory personnel in working with participants;

(13) a description of career opportunities and job advancement potentialities for participants;

(14) assurances that agencies and institutions to whom financial assistance will be made available under this Act will undertake analysis of job descriptions and a reevaluation of skill requirements at all levels of employment, including civil service requirements and practices relating thereto, in accordance with regulations promulgated by the Secretary in cooperation with the Board;

(15) assurances that the applicant will, where appropriate, maintain or provide linkages with upgrading and other manpower programs for the purpose of (A) providing those persons employed in public service jobs under this Act who want to pursue work with the employer, in the same or similar work, with opportunities to do so and to find permanent, upwardly mobile careers in that field, and (B) providing those persons so employed, who do not wish to pursue permanent careers in such field, with opportunities to seek, prepare for, and obtain work in other fields;

(16) assurances that all persons employed under any such program, other than necessary technical, supervisory, and administrative personnel, will be selected from among persons currently unemployed or underemployed.

(17) assurances that the program will, to the maximum extent feasible, contribute to the elimination of artificial barriers to employment and occupational advancement, including civil service requirements which restrict employment opportunities for the disadvantaged; and

(18) such other assurances, arrangements, and conditions, consistent with the provisions of this Act and the guidelines, standards and criteria established by the Board, as the Secretary deems necessary, in accordance with such regulations as he shall prescribe in consultation with the Board.

APPROVAL OF APPLICATIONS

SEC. 203. (a) An application, or modification or amendment thereof, for financial assistance under this Act shall be approved if the Secretary determines that—

(1) the application meets the requirements set forth in this Act;

(2) an opportunity has been provided to officials of the appropirate units of general local government to submit comments with respect to the application to the applicant and to the Secretary; and/or

(3) an opportunity has been provided to the Governor of the State to submit comments with respect to the application to the applicant and to the Secretary, whichever the Secretary deems appropriate.

ALLOCATION OF FUNDS

SEC. 204. (a) The amounts appropriated pursuant to this chapter for any fiscal year shall be allocated by the Secretary in such manner as prescribed by the Board. Of such appropriated amounts—

(1) 80 per centum shall be apportioned among the States in that proportion which the total number of persons underemployed or unemployed in each such State bears to such total number of such persons, respectively, in the United States, and

(2) the remainder shall be available to carry out a special Energy Emergency Area Employment Assistance Program.

(b) The amount apportioned to each State under clause (1) of subsection (a) shall be apportioned among areas within each such State in that proportion which the total number of persons unemployed or underemployed in each such area bears to such total number of such persons, respectively, in that State.

(c) The amount available under clause (2) of subsection (a) shall be available to enable the Secretary to enter into agreements with eligible applicants, as established in this Act, for the purpose of providing employment for unemployed and underemployed persons residing in areas of substantial energy related unemployment as defined by the Board.

(d) As soon as practicable after funds are appropriated to carry out this Act for any fiscal year, the Board shall publish in the Federal Register the apportionments required by subsections (a), (b), and (c) of this section.

SPECIAL PROVISIONS

SEC. 205. (a) The Secretary shall not provide financial assistance for any program or activity under this Act unless he determines, in accordance with such regulations as he shall prescribe in consultation with the Board, that—

(1) the program (A) will result in an increase in employment opportunities over those which would otherwise be available, (B) will not result in the displacement of currently employed workers (including partial displacement such as a reduction in the hours of nonovertime work or wages or employment benefits), (C) will not impair existing contracts for services or result in the substitution of Federal for other funds in connection with work that would otherwise be performed, and (D) will not substitute public service jobs for existing federally assisted jobs;

(2) persons employed in public service jobs under this Act shall be paid wages which shall not be lower than whichever is the highest of (A) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the participant and if he were not exempt under section 13 thereof, (B) the State or local minimum wage for the most nearly comparable covered employment, or (C) the prevailing rates of pay for persons employed in similar public occupations by the same employer;

(3) all persons employed in public service jobs under this Act will be assured of workmen's compensation, health insurance, unemployment insurance, and other benefits at the same levels and to the same extent as other employees of the employer and to working conditions and promotional opportunities neither more nor less favorable than such other employees enjoy;

(4) the provisions of section 2(a)(3) of Public Law 89-286 (relating to health and safety conditions) shall apply to such program or activity;

(5) the program will, to the maximum extent feasible, contribute to the occupational development or upward mobility of individual participants; and

(6) every participant shall be advised, prior to entering upon employment, of his rights and benefits in connection with such employment.

(b) Where a labor organization represents employees who are engaged in similar work in the same area to that proposed to be performed under any program for which an application is being developed for submission under this Act, such organization shall be notified and afforded a reasonable period of time in which to make comments to the applicant and to the Secretary.

(c) For programs which provide work and training related to physical improvements, special consideration shall be given to those improvements which will be substantially used by low-income persons and families or which will contribute substantially to amenities or facilities in urban or rural areas having high concentrations or proportions of low-income persons and families.

(d) The Secretary in consultation with the Board shall prescribe regulations to assure that programs under this Act have adequate internal administrative controls, accounting requirements, personnel standards, evaluation procedures, and other policies as may be necessary to promote the effective use of funds.

(e) The Secretary, operating within the guidelines, standards, and criteria established by the Board, may make such grants, contracts, or agreements, establish such procedures, policies, rules, and regulations, and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Act, as he may deem necessary to carry out the provisions of this Act, including necessary adjustments in payments on account of overpayments or underpayments.

(f) The Secretary shall not provide financial assistance for any program under this Act unless the grant, contract, or agreement with respect thereto specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any program participant or any applicant for participation in such program because of race, creed, color, national origin, sex, political affiliation, or beliefs.

(g) The Secretary shall not provide financial assistance for any program under this Act which involves political activities; and neither the program, the funds provided therefor, nor personnel employed in the administration thereof, shall be, in any way or to any extent, engaged in the conduct of political activities in contravention of chapter 15 of title 5, United States Code.

SEC. 206. There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this chapter.

PART B—ENERGY EMERGENCY PRIVATE EMPLOYMENT OPPORTUNITY PROGRAM

SEC. 221. The Secretary, in accordance with the provisions of this Act and the guidelines, standards, and criteria established by the Board, shall develop and carry out a program of incentives to private industry to hire, and train if necessary, persons unemployed or underemployed as a result of the energy emergency.

SEC. 222. (a) The Secretary, directly and through grants or contracts with organizations of private employers, shall provide technical assistance and encouragement to private employers to hire as permanent employees, persons unemployed or underemployed as a result of the energy emergency.

(b) The Secretary, through contracts with private employers and/or organizations of private employers, shall offset the added costs

of counseling, job training, transportation and other supportive services needed to assist persons unemployed or underemployed as a result of the energy emergency to become, in the shortest reasonable period of time, permanent employees of private employers.

(c) Any private employer that hires and retains the services of a person unemployed or underemployed as a result of the energy emergency shall be eligible to receive a 15 percent Federal Income Tax credit on the first twelve months of wages or salary paid to such an individual. No tax credit shall be provided until such individual has been employed for twelve consecutive months.

SEC. 223. (a) All private profit or not-for-profit companies, regardless of size, located in the United States, are eligible to participate in the programs outlined in this chapter.

(b) The Board shall develop and the Secretary shall implement additional incentive programs to achieve the purposes of this chapter, as soon as possible.

(c) Any person who is unemployed or underemployed, as a result of the energy emergency, shall be eligible to participate in all programs authorized in this chapter.

SEC. 224. (a) Payments to private employers, under this chapter, except for the tax credit provision in Section 222 (a), shall not exceed the difference between the costs of recruiting, training, and providing supportive services for persons unemployed as a result of the energy emergency and those regularly employed.

SPECIAL PROVISIONS

SEC. 225. Neither the Federal Income Tax credit provided in Sec. 222(c) nor the assistance provided in Sec. 222(b) shall be allowed for any program or activity under this Chapter, unless the Secretary determines, in accordance with such regulations as he shall prescribe that—

(1) the program (A) will result in an increase in employment opportunities over those which would otherwise be available, (B) will not result in the displacement of currently employed workers (including partial displacement such as a reduction in the hours of nonovertime work or wages or employment benefits), (C) will not impair existing contracts for services or result in the substitution of Federal for other funds in connection with work that would otherwise be performed, and (D) will not substitute assisted private sector jobs for existing jobs;

(2) persons employed in private sector jobs under this chapter shall be paid wages which shall not be lower than whichever is the highest of (A) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the participant and if he were not exempt under section 13 thereof, (B) the State or local minimum wage for the most nearly comparable covered employment, or (C) the prevailing rates of pay for persons employed in similar occupations by the same employer;

(3) all persons employed in private sector jobs under this Chapter will be assured of workmen's compensation, health insurance, unemployment insurance, and other benefits at the same levels and to the same extent as other employees of the employer and to working conditions and promotional opportunities neither more nor less favorable than such other employees enjoy;

(4) the provisions of section 2(a)(3) of Public Law 89-286 (relating to health and safety conditions) shall apply to such program or activity;

(5) where a labor organization represents employees who are engaged in similar work in the same area to that proposed to be performed under any program under this Chapter of this Act, such organization shall be notified and afforded a reasonable period of time in which to make comments to the applicant and to the Secretary;

(6) that programs under this Chapter have adequate internal administrative controls, accounting requirements, personnel standards, evaluation procedures, and other policies as may be necessary to promote the effective use of funds.

SEC. 226. The Secretary may make such grants, contracts, or agreements, establish such procedures, policies, rules, and regulations, and make such payments, in installments and in advance or by way of reimbursement, or otherwise allocate or expend funds made available under this Chapter, as he may deem necessary to carry out the provisions of this Chapter, including necessary adjustments in payments on account of overpayments or underpayments.

SEC. 227. The Secretary shall not provide financial assistance for any program under this Chapter unless the grant, contract or agreement with respect thereto specifically provides that no person with responsibilities in the operation of such program will discriminate with respect to any program participant or any applicant for participation in such program because of race, creed, color, national origin, sex, political affiliation, or beliefs.

SEC. 228. There are authorized to be appropriated such funds as may be necessary to carry out the objectives of this chapter.

TITLE III—ENERGY EMERGENCY EMPLOYMENT ASSISTANCE

PART A—AUTHORITY APPLICATIONS

SEC. 301. (a) Any person unemployed or underemployed as a result of the energy emergency may file an application with the Secretary for one or more of the forms of economic adjustment assistance provided under this title.

(b) Economic adjustment assistance under this title consists of—

(1) readjustment allowances;

(2) training and counseling benefits;

(3) relocation allowances;

(4) health benefits.

(c) The Secretary shall determine pursuant to the guidelines, standards and criteria established by the Board and by this Act, whether an applicant is entitled to receive the economic adjustment assistance for which application is made and shall furnish such assistance if the applicant is so entitled. Such determination shall be made as soon as possible after the date on which application is filed but in any event not later than thirty days after such date.

PART B—READJUSTMENT ALLOWANCES

QUALIFYING REQUIREMENTS

SEC. 311. (a) Payment of a readjustment allowance shall be made to any adversely affected worker who applies for such allowance for any week of unemployment, subject to the requirements of subsections (b) and (c).

(b) Total or partial separation shall have occurred not more than one year prior to the date of the application for assistance under this title and as a result of the energy emergency.

(c) Such worker shall have had—

(1) in the one hundred and fifty-six weeks immediately preceding such total or partial separation, at least seventy-eight weeks of employment at wages of $15 or more a week, or

(2) in the fifty-two weeks immediately preceding such total or partial separation, at least twenty-six weeks of employment at average wages of $40 or more a week, or if data with respect to weeks of employment are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary.

WEEKLY AMOUNTS

SEC. 312. (a) Subject to the other provisions of this section, including section 312 (f), the readjustment allowance payable to a worker for a week of underemployment or unemployment resulting from the energy emergency shall be an amount equal to 80 per centum of his average weekly wage, reduced by 50 per centum of the amount of his remuneration for services performed during such week.

(b) Any worker who is entitled to readjustment allowances and who is undergoing training approved by the Secretary, including on-the-job training, shall receive for each week in which he is undergoing any such training, a readjustment allowance in an amount (computed for such week) equal to the amount computed under subsection (a) or (if greater) the amount of any weekly allowance for such training to which he would be entitled under any other Federal law for the training of workers, if he applied for such allowance. Such readjustment allowance shall be paid in lieu of any training allowance to which the worker would be entitled under such other Federal law.

(c) The amount of readjustment allowance payable to an adversely affected worker under subsection (a) or (b) for any week shall be reduced by any amount of unemployment insurance which he has received or is seeking with respect to such week; but, if the appropriate State or Federal agency finally determines that the worker was not entitled to unemployment insurance with respect to such week, the reduction shall not apply with respect to such week.

(d) The amount of readjustment allowance payable to an adversely affected worker under subsection (a) or (b) for any week shall be reduced by any amount of retirement annuity which he has received.

(e) If unemployment insurance, a retirement annuity, or a training allowance under any other Federal law, is paid to an adversely affected worker for any week of un-employment with respect to which he would be entitled (determined without regard to subsection (c)) to a readjustment allowance if he applied for such allowance, each such week shall be deducted from the total number of weeks of readjustment allowance otherwise payable to him under section 313 (a) when he applies for readjustment allowance and is determined to be entitled to such allowance. If the unemployment insurance or the training allowance paid to such worker for any week of unemployment is less than the amount of the readjustment allowance to which he would be entitled if he applied for such allowance, he shall receive, when he applies for a readjustment allowance and is determined to be entitled to such allowance, a readjustment allowance for such week equal to such difference.

(f) Whenever, with respect to any week of unemployment, the total amount payable to an adversely affected worker as remuneration for services performed during such week, as unemployment insurance, as severance pay, as a training allowance referred to in subsection (d), and as a readjustment allowance would exceed his average weekly wage, his readjustment allowance for such week shall be reduced by the amount of such excess.

TIME LIMITATIONS ON READJUSTMENT ALLOWANCES

SEC. 313. (a) Payment of readjustment allowances shall not be made to an adversely affected worker for more than twenty-six weeks, unless upon application to the Secretary for extension, that proof of a good faith effort to attain employment has been made, pursuant to criteria established by the Board, in which case one additional 26 week extension shall be allowed.

(b) A readjustment allowance shall not be paid for a week of unemployment beginning more than one year after the beginning of the appropriate week. The appropriate week for a totally separated worker is the week of his most recent total separation. The appro-

priate week for a partially separated worker is the week in respect of which he first receives a readjustment allowance following his most recent partial separation.

APPLICATION OF STATE LAWS

SEC. 314. Except where inconsistent with the provisions of this part and subject to such regulations as the Board may prescribe, the availability and disqualification provisions of the State law—

(1) under which an adversely affected worker is entitled to unemployment insurance (whether or not he has filed a claim for such insurance), or

(2) if he is not so entitled to unemployment insurance, of the State in which he was totally or partially separated, shall apply to any such worker who files a claim for readjustment allowances. The State law so determined with respect to a separation of a worker shall remain applicable, for purposes of the preceding sentence, with respect to such separation until such worker becomes entitled to unemployment insurance under another State law (whether or not he has filed a claim for such insurance).

PART C—JOB TRAINING AND COUNSELING

PURPOSE: APPLICATIONS

SEC. 321. (a) To assure that the readjustment of adversely affected workers shall occur as quickly and effectively as possible, with minimum reliance upon readjustment allowances under this title, every effort shall be made to prepare each such worker for full employment in accordance with his capabilities and prospective employment opportunities. To this end, and subject to this part, every adversely affected worker who applies for readjustment allowance under part B shall also apply for counseling, training, and placement assistance under this part. Any other adversely affected worker may apply for counseling, training, and placement assistance under this part. Each such applicant shall be furnished such counseling, training, and placement services as the Secretary determines to be appropriate.

(b) Insofar as possible, the Secretary shall provide assistance under subsection (a) through existing programs established by law. To the extent that assistance cannot be provided through any existing program, the Secretary, in cooperation with the Board, is authorized to furnish such assistance through programs established at the direction of the Board by the Secretary to provide job skills to persons unemployed and underemployed as a result of the energy emergency, including programs carried out through private nonprofit institutions and organizations.

(c) To the extent practicable, before adversely affected workers are furnished training, the Secretary shall consult with local governmental agencies, State agencies, unions, and private business organizations to develop a worker retraining plan which provides for training such workers to meet the area's manpower needs. A worker retraining program shall, as far as practicable, include a list of jobs which will be available to the workers at the conclusion of the training program.

(d) To facilitate the provisions of this part, the Secretary may require that businesses in labor markets with severe unemployment and underemployment resulting from the energy emergency, as defined by the Board, report all job vacancies to the local employment service.

PAYMENTS RELATED TO TRAINING

SEC. 322. An adversely affected worker receiving training under section 321 shall be paid a travel allowance and a subsistence allowance, necessary to defray transportation expenses and subsistence expenses for separate maintenance, when the training is provided in facilities which are not within commuting distance of his regular place of residence. The Board shall, by regulations, prescribe the amount of such allowances for various areas of the United States.

PART D—RELOCATION ALLOWANCES

RELOCATION ALLOWANCES AFFORDED

SEC. 331. Any adversely affected worker may file an application for a relocation allowance, subject to the terms and conditions of this part.

QUALIFYING REQUIREMENTS

SEC. 332. (a) A relocation allowance may be granted only to assist an adversely affected worker in relocating within the United States and only if the Secretary determines that such worker—

(1) has obtained suitable employment affording a reasonable expectation of long-term duration in the area in which he wishes to relocate, or

(2) has obtained a bona fide offer of such employment.

(b) A relocation allowance shall not be granted to such worker unless—

(1) for the week in which the application for such allowance is filed, he is entitled (determined without regard to sections 312 (c) and (e)) to a readjustment allowance or would be so entitled (determined without regard to whether he filed application therefor) but for the fact that he has obtained the emplyoment referred to in subsection (a) (1); and

(2) such relocation occurs within a reasonable period after the filing of such application or (in the case of a worker who is being provided training under part C) within a reasonable period after the conclusion of such training.

RELOCATION ALLOWANCE DEFINED

SEC. 333. For purposes of this part, the term "relocation allowance" means—

(1) the reasonable and necessary expenses, as specified in regulations prescribed by the Board incurred in transporting a worker and his family and their household effects; and

(2) such allowance shall be comparable to the relocation allowance provided government employees of similar experience.

PART E—HEALTH BENEFITS

Program Authorized

SEC. 341. (a) Notwithstanding any other provision of law, the Secretary shall, in accordance with the provisions of this Title, make whatever arrangements are necessary for the continuation of health benefits, or for obtaining similar health benefits, on such terms and conditions as he deems necessary for adversely affected workers after the date of separation.

(b) In any such arrangement, provisions shall be made to insure that—

(1) a contribution by an adversely affected worker who has not obtained new employment shall not exceed 25 per centum of the cost of such benefits; and

(2) such benefits so far as practicable, will be equivalent to the health benefits to which an adversely affected worker was entitled to receive prior to his separation.

(c) Any arrangement entered into under this Title shall provide for health benefits to any adversely affected worker solely for the period during which the adversely affected worker is receiving a readjustment assistance allowance.

APPROPRIATIONS AUTHORIZED

SEC. 342. There are authorized to be appropriated such funds as may be necessary to carry out the provisions of this Title.

TITLE IV—DEFINITIONS

SEC. 401. As used in this Act—

(a) "adversely affected worker" means an individual who has been totally or partially separated from employment as a result of the energy emergency.

(b) "average weekly wage" means one-thirteenth of the total wages paid to an individual in the high quarter; for purposes of this computation, the high quarter shall be that quarter in which the individual's total wages were highest among the first four of the last five completed calendar quarters immediately before the quarter in which occurs the week with respect to which the computation is made, such week shall be the week in which total separation occurred, or, in cases where partial separation is claimed, an appropriate week, as defined in regulations prescribed by the Secretary in consultation with the Board;

(c) "partial separation" or "underemployed," for purposes of Title III of this Act, means with respect to an individual who has not been totally separated, that he has had his hours of work reduced to 85 per centum or less of his average weekly hours and his wages reduced to 85 per centum or less of his average weekly wage as a result of the energy emergency;

(d) "total separation" or "unemployed" for purposes of Title III of this Act, means the layoff or severance of an individual from employment as a result of the energy emergency;

(e) "remuneration" means wages and met earnings derived from services performed as a self-employed individual;

(f) "State" means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico;

(g) "State Law" means the unemployment insurance law of the State approved by the Secretary under section 3304 of the Internal Revenue Code of 1954;

(h) "unemployment insurance" means the unemployment insurance payable to an individual under any State law or Federal unemployment insurance law, including title XV of the Social Security Act and the Railroad Unemployment Insurance Act;

(i) "week" means a week as defined in the applicable State law; and

(j) "week of unemployment" means with respect to an individual any week for which his remuneration for services performed during such week is less than 75 per centum of his average weekly wage and in which, because of lack of work—

(1) if he has been totally separated, he worked less than the full-time week (excluding overtime) in his current occupation, or

(2) if he has been partially separated, he worked 75 per centum or less of his average weekly hours.

(k) "public service" includes, but is not limited to, work in such fields as environmental quality, health care, energy conservation, housing and neighborhood improvements, education, public safety, crime prevention and control, correctional and rehabilitation programs, transportation, recreation, maintenance of parks, streets, and other public facilities, rural development, conservation, beautification, and other fields of human betterment and community improvement;

(l) "unemployed or underemployed person," for purposes of Title II of this Act, means—

(1) persons who are without jobs and who want and are available for work;

(2) persons who are without full-time jobs, normally of approximately 40 hours of work per week, and who want and are available for work; and

(3) adults who or whose families receive money payments pursuant to a State plan approved under title I, IV, X, or XVI of the Social Security Act (1) who are determined by the Secretary, in consultation with the Secretary of Health, Education, and Welfare, to be available for work, and (2) who are either (i) persons without jobs, or (ii) persons working in jobs providing insufficient income to enable such persons and their families to be self-supporting without welfare assistance; and the determination of whether persons are without jobs or under-employed shall be made in accordance with the criteria

used by the Bureau of Labor Statistics of the Department of Labor in defining persons as unemployed or underemployed.

(m) "unemployed or underemployed as a result of the energy emergency" shall be determined for each applicant for participation under this Act by the Employment Service of his State based on criteria and standards established by the Board.

By Mr. HASKELL (for himself, Mr. ABOUREZK. Mr. MOSS, Mr. HUGHES, and Mr. FANNIN):

S. 3028. A bill to establish a comprehensive system for regulation of weather modification activities, and for other purposes. Referred to the Committee on Commerce.

WEATHER MODIFICATION REGULATION ACT OF 1974

Mr. HASKELL. Mr. President, it gives me great pleasure to introduce for myself, Mr. ABOUREZK, Mr. MOSS, Mr. HUGHES, and Mr. FANNIN S. 3028, a bill to be known as the "Weather Modification Act of 1974." This bill is aimed at creating order from the chaos which now surrounds the subject of weather modification.

An important part of this bill is the section which, if enacted, would institute a comprehensive data-gathering system to assist in the administration and supervision of weather modification. No such system now exists. Neither Colorado nor any other State can readily determine where weather modification activities are taking place in other States. The Federal Government cannot precisely determine the extent of such activities or determine which of these activities affect the weather in contiguous States.

If a little information is dangerous, no information can be disastrous.

Let me paint a scene for my colleagues. Suppose two adjoining States were buttressed against a range of mountains, one on the east, one on the west of those mountains. The flow of moist air up the range from the west leads to the creation of rain and snow. This natural phenomenon causes valuable moisture to fall on the west face of the range, to the benefit of the State on that side of the mountain.

Were interests downstream of this watershed to decide to drain via weather modification techniques whatever residual moisture was left from the air as it passed over into adjoining State to the east, no Federal system would exist to monitor or report such activities immediately. Farmers and cities in the adjacent eastern State would be left to vaguely surmise the cause of their drought. The dichotomy of bounty adjacent to drought would be extenuated without a systematic determination of cause.

Within Colorado, much controversy has been caused by similar events, that is similar in effect, if not in topography.

The historical San Luis Valley in southcentral Colorado has experienced a reoccurring phenomenon. Moist air has since time immemorial distributed rainfall throughout the valley. Man has recently intervened, attempting to coax an uneven distribution. Farmers on one side of the valley are experiencing increased rainfall; farmers on the other side are complaining of decreased rainfall. Whether the cause of the situation is natural or induced has not been determined. More basic to that question is the need to determine precisely what has taken place.

This vignette is one which blends into similar experiences in other States. The establishment of a monitoring system would be instrumental in providing the needed first step toward control knowledge of what activities are taking place at any given time.

Mr. President, I have mentioned only one provision of this bill and its underlying need. Each of the other provisions lends itself to similar discourse. Without burdening my fellow Members further, I would offer for introduction, if no objection is heard, a summary of this bill's provisions. The gentlemen present or those engaged in other important business are urged to study this bill. It is a bill which is not oriented to today's crises, but to those we may experience tomorrow. Hopefully, no crisis will occur, assuming insightful action by the Senate on this bill.

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

S. 3028

A bill to establish a comprehensive system for regulation of weather modification activities and for other purposes:

Establishes a requirement for federal permits to engage in commercial weather modification. Stipulates a federal permit cannot be issued unless permittee obtains a state license first. (Effect would be to deny federal permit in states having no licensing procedure or in case where state denies license to a specfic project.)

Establishes stiff requirements for education, experience and knowledge to help make certain permittee is capable within reason of adhering to stipulations of permit. Authorizes bond of up to $1 million on a commercial permittee, depending upon scope of project, again to ensure compliance with terms of permit.

Requires daily reporting on modification efforts and results from both commercial and experimental modification projects.

Establishes fines of up to $100,000 per day for operations outside scope of permit.

Requires military to clear requests from foreign countries before such modifications are carried out. (Clearance with State Department.)

Establishes register of competent modifiers for use of foreign countries who wish to retain firms for weather activity. Prohibits modifier from getting U.S. permit for period of 10 years if he modifies in a foreign country without being on register.

Encourages President to develop international agreements and controls on weather modification.

Establishes computerized system in Department of Commerce for collecting and analyzing natural meteorological and weather modification data.

By Mr. HELMS (for himself, Mr. BENNETT, Mr. BARTLETT, Mr. BUCKLEY, Mr. BEALL, Mr. BROCK, Mr. CURTIS, Mr. DOLE, Mr. DOMINICK, Mr. FANNIN, Mr. GURNEY, Mr. HANSEN, Mr. HATFIELD, Mr. HRUSKA, Mr. JAVITS, Mr. MCINTYRE, Mr. PACKWOOD, Mr. SCHWEIKER, Mr. THURMOND, and Mr. WEICKER):

S.J. Res. 188. A joint resolution to authorize the President to declare by proclamation Aleksandr I. Solzhenitsyn an honorary citizen of the United States. Referred to the Committee on the Judiciary.

Mr. HELMS. Mr. President, on behalf of myself and other Senators, I introduce a joint resolution to authorize the President to declare by proclamation Aleksandr I. Solzhenitsyn an honorary citizen of the United States. Yesterday I spoke briefly on this joint resolution. I ask unanimous consent to have the joint resolution printed at this point in the RECORD.

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

S.J. RES. 188

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby authorized and directed to declare by proclamation that Aleksandr I. Solzhenitsyn shall be an honorary citizen of the United States of America.

Mr. HELMS. Mr. President, as I pointed out on the floor yesterday, the exiling of Aleksandr I. Solzhenitsyn has appealed to the conscience of the world. Because of his courage in opposing the system of terror and in opposing the distortion of human society caused by the necessity of constant falsehoods to hide the truth, he is forcing the world to reexamine its relationships with the Soviet Union and its leaders. Like it or not, he is making us look at such dealings in the light of whether they contribute to détente or to the illusion of détente.

It is for this reason, as I indicated in my remarks yesterday, that I am today offering a resolution authorizing and directing the President of the United States to proclaim Solzhenitsyn an honorary citizen of the United States. I will not repeat what I said yesterday, for it may be found in the RECORD at page S. 1656.

It is important that we act on this proposal as soon as possible. We must highlight Solzhenitsyn's actions, and show that we are taking official action on his behalf. Although my resolution implies no legal obligation on either side, and does not require that he accept or reject it, swift passage will demonstrate that the United States is concerned, and will not stand by to see either him or his family harmed.

We must not forget that the last notable exile officially expelled from the Soviet Union was Leon Trotsky, and that he was assassinated when he began publishing his writings.

Mr. President, there have been several notable articles published yesterday and today about the Solzhenitsyn story. Prominent among these is the perceptive column by George Will, printed in this morning's Washington Post, and the lead article which appeared in Time, U.S. News & World Report, and Newsweek.

Mr. President, I ask unanimous consent that these articles be printed in the RECORD at the conclusion of my remarks.

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

SAND IN THE GEARS OF THE MACHINE

(By George F. Will)

Comparison between famous faces often reveal more than words can about the history of nations.

Compare a portrait of Jefferson—untroubled, rational, confidently in possession of "self-evident truths"—and a photograph of Lincoln, etched with ambiguity. You see the difference between the innocent Republic and the torn Union.

The face of Thomas Mann—wise and ironic—was a vivid contrast to the obsessed mask of Adolph Hilter from whom Mann had to flee.

The face of Lenin was the strangely featureless, hard-eyed face of the ideologue, the archetype for our century's men of action. Compare it to the face of the man who has confounded Lenin's heirs, the magnificent, sad, wise but unweary face of Alexander Solzhenitsyn.

When Thomas Mann, the greatest novelist of his time, stepped off the ship into exile, he was a vivid symbol of the German national culture that the Nazi had to destroy. When Alexander Solyhenitsyn, the greatest novelist since Mann, arrived in Germany a few days ago, he was a perfect symbol of the rich Russian culture that is the enduring threat to the Soviet government.

The Soviet regime, today as always, like Hermann Goering reaches for a revolver when it hears the word culture. It is the nature of totalitarian regimes to wage unremitting war against the cultural heritage of the nations they capture.

All such regimes assume that human beings are infinitely malleable. The regimes seek to impose total control over the citizens in order to mold the "new Aryan race" or the "new Soviet man." And a nation's culture—the values and visions of the enduring society—is an obstacle.

Thus it is wildly exhilarating to see a solitary representative of Russian culture—a man of words surrounded by men of vicious actions—serving as sand in the gears of the totalitarian machine.

Solzhenitsyn is guilty of what the Soviet regime accused him of, but not in the sense that Leonid Brezhnev and his associates meant the accusation. They accused him of "actions incompatible with being a Soviet citizen." As a carrier of Russian culture, Solzhenitsyn is a carrier of an anti-Soviet disease, and the crude men in the Kremlin are not too dim understand that.

Simply by embodying the tradition of European humanism, Solzhenitsyn is subversive of a regime that depends for its long-term survival on the achievement of its long-term goal—the eradication of all ideas not licensed by the state.

The most appalling aspect of the Solzhenitsyn drama is not the behavior of the Soviet leadership, which has been about what you would expect from dumb and frightened bullies. But what excuse is there for the behavior of the United States government?

It is pathetically obvious that Secretary of State Henry Kissinger is not very interested in Solzhenitsyn's plight. Like Brezhnev, Kissinger's strongest feeling is a morose longing for Solzhenitsyn to just go away. After all, Solzhenitsyn is a living reproach to the Soviet regime.

Kissinger believes that a revived anti-Communist impulse in America would be fatal to detente, as he envisions it. And he is right. Detente, as he envisions it, assumes that the Soviet regime is mellowing and that detente will make it mellow further.

The keynote of this detente is trade, with the U.S. using cheap, long-term loans to subsidize the Soviet economy. Kissinger's only hope had been to sneak this subsidy program past the American people when they were asleep. But now they are gloriously awake, aroused by the Solzhenitsyn drama. Anti-communism is becoming respectable again. For the time-being, Kissinger's plan for detente is dead.

Unfortunately, time may be on Kissinger's side. There are not enough Solzhenitsyns to keep the western public galvanized. Were he not a vivid symbol to the outside world, he would have perished quietly like the millions of faceless victims still being fed into the maw of the Soviet terror system.

Because Solzhenitsyn is famous, Mr. Brezhnev deemed it prudent to deport him rather than shoot him. But the gnawing question remains: What can free nations do for the anonymous millions in the Soviet Union who have no hold on the sympathy of the Western public?

That question is not of much interset to the current administration's architects of detente. But if the continuing drama of the Soviet dissidents can hold the attention of the American people, perhaps the next administration will be different.

THE EXILE: A TALE OF REPRESSION

Each of us is a center of creation, and the universe is shattered when they hiss at you: "You are under arrest."—Aleksandr Solzhenitsyn

Solzhenitsyn knew what to expect. Two months ago, on the very day that his latest book, "The Gulag Archipelago 1918–1956," was published in the West, Russia's Nobel Prize-winning novelist packed a small black overnight bag—and settled down to wait for the knock at his door. Last week it came. Outraged at Solzhenitsyn's searing indictment of Russia's rule by repression, the Politburo had him charged with treason and banished him from the Soviet Union forever—a punishment one of his own fictional characters had once described as "spiritual castration."

Only once before in its entire history had the Soviet Union taken such a drastic step—that was back in 1929 when Stalin threw his rival, Leon Trotsky, out of the country. The reverberations from Solzhenitsyn's expulsion were felt from Red Square to Pennsylvania Avenue. In the Soviet Union itself, the decimated ranks of the dissident movement found themselves virtually leaderless and fearful of being wiped out altogether. Throughout Europe, there was a wave of revulsion at Soviet behavior, and offers of asylum showered down upon Solzhenitsyn in his temporary exiles in West Germany and Switzerland. But nowhere did the Solzhenitsyn affair stir a greater storm of protest than in the U.S. Democrats and Republicans in the Congress condemned the Kremlin and predicted that this harsh new display of Soviet repression would set back the already somewhat frayed cause of U.S.-Soviet cooperation. And there was even talk that the loss of Congressional support for détente—one of the last standing pillars of Richard Nixon's Watergate-weakened Administration—might ultimately help his opponents bring the President down.

A DISCREET SILENCE

No one was more keenly aware of the stakes involved than Mr. Nixon, and throughout the week he maintained a discreet silence on the Solzhenitsyn affair. But while the White House showed no inclination to step into the Soviet domestic scene on Solzhenitsyn's behalf, Secretary of State Henry Kissinger declared firmly that despite the legitimate repugnance felt by many Americans, détente—as a policy designed to avert the horror of nuclear war—was too important to be scuttled. "We don't look good either to the public or to Congress," conceded one put-upon White House staffer last week. "But Henry has drawn a sophisticated line between moral repugnance and the requirements of a realistic foreign policy, and I think we did the best we could with it." Kissinger's argument was helped by the Kremlin's politically astute decision not to martyr Solzhenitsyn by putting him in jail or on trial, and by Moscow's offer to let the writer's wife and three children leave the country to join him—with Solzhenitsyn's books and research materials.

What made the situation so delicate for all concerned was the fact that Aleksandr Solzhenitsyn was more than just another Soviet dissident. At the age of 55, he is a towering literary figure with a worldwide reading public numbering in the millions. And over the last few years, as his struggle with the authorities in the Kremlin has come to the attention of the outside world, he has increasingly been seen as the personification of a humanistic tradition with deep roots in Western culture. This tradition is not particularly dead to the Kremlin, and after the publication of "The Gulag Archipelago," Soviet propagandists mounted a vitriolic campaign against him. When that failed to silence him or, as it was apparently hoped, force him to leave the country on his own, state prosecutors twice summoned him for interrogation—and he twice refused to accept their summonses. With that, the Politburo went ahead and booted him out.

A NONPERSON

Late one afternoon last week, just as dusk was settling over Moscow, two Volga police cars, one yellow and one black, drew up to the curb outside a buff-colored building at No. 12 Kozitsky Lane. Solzhenitsyn's two oldest children, Yermolai, 3, and Ignat, sixteen months, were playing outside in the grimy snow as seven men, five in uniform, two in plainclothes, jumped out of the cars and hurried up the stairs to Apartment 169. There Solzhenitsyn, officially a non-person banned by law from living in Moscow for more than three days at a time, stayed every now and then with his wife, Natalya Svetlova, 34, their children, and her mother. One of the plainclothes men rang the bell, Natalya opened the 11-foot-high door to the apartment and peered out, leaving the chain on the latch. "How many of you are there?" she asked. "Only two," said one of the raiders. "We want to see your husband."

Natalya summoned Solzhenitsyn from his study, but suddenly, when the couple opened the door a second time, the entire raiding party burst into the apartment, a homely pad littered with teddy bears, children's rubber balls, and stacks of books, letters and papers. The police arrested Solzhenitsyn on the spot, warned him that they would take him by force if he resisted, and told him to pack his things. He picked up the black overnight bag that had been waiting since late December, donned an ancient sheepskin coat he had worn while in exile twenty years earlier, clapped on his fur hat, and kissed Natalya and his son Stepan good-by. "What's all the fuss?" snapped one of the plain-clothes men. "You'll soon be back."

Solzhenitsyn had heard that one before. The soft-pedaled arrest was one of the more chilling leitmotivs of his own life and literary works, and he had vowed never to cooperate with captors again. But he surrendered without resisting. "There were seven of them," Natalya shrugged later. "What could he do? He had to submit." He was taken to Lefortovo Prison across town, stripped of his clothes and belongings, searched from head to foot and told that he was being charged with treason—a crime that carries a sentence ranging from ten years at hard labor to death. Solzhenitsyn received the ominous news with stony silence. He refused to respond to the charges—or even to eat—during his ordeal. The next morning a state apparatchik read him a chilling decree from the Supreme Soviet: he had been stripped of his citizenship ("for systematically, performing actions that are incompatible with being a citizen of the U.S.S.R.") and was to be expelled from the country.

The decision caught many people by surprise, but it caused no little relief around Washington. "It was certainly better than having him shot," one White House aide noted dryly. Soviet police gave their prisoner a set of jailbird civies, kept his belongings and dispatched him off to exile in the first-class section of an Aeroflot jetliner. But as a final cruelty, they didn't tell him where he was going. Two and a half hours out of Moscow the plane landed, Solzhenitsyn peered out the window and saw a sign by the runway that said "Frankfurt-am-Main." The drop-off had been arranged in a hectic morning of negotiations between the Soviet Union and West Germany. A bit dazed, Solzhenitsyn stepped off the plane and into exile. A German stewardess offered him a single red rose, and he began his exile by bowing to her, smiling and kissing her hand.

A NIGHT'S REST

German officials plunked him into a black Mercedes limousine and sped him off to the stone farmhouse of his friend and fellow Nobel laureate, novelist Heinrich Böll. There, after a night's rest, the new exile woke to a cacophony of cackling geese, barking dogs, squawking police radios and the squabbling of dozens of newsmen whose requests for interviews Solzhenitsyn firmly declined. "For me," he said, "it is too great an upheaval in my life to get involved with talk." Then he was joined by his Swiss lawyer and literary agent, Fritz Heeb, who swept him down to Zurich, where his Nobel Prize money and book royalties have been gathering dust—and interest (some reports said Solzhenitsyn was worth as much as $6 million). "Money," conceded Heeb cheerfully, "is no problem at all."

Solzhenitsyn wound up with no shortage of friends either. Sweden's Prime Minister Olof Palme and Britain's Prime Minister Edward Heath joined West German's Willy Brandt in offering to take the writer in. In Washington, Kissinger said that Solzhenitsyn "would certainly be welcome to reside in the United States if he desires," and a handful of politicians said they would introduce bills in the Congress granting him honorary citizenship. But the reaction to his banishment was oddly muted, and the Kremlin seemed confident that its outcast would soon fade from the front pages. Some even said Moscow had planned it all that way. "The Soviets are betting he will be a 90-day wonder," said one Kremlinologist in Washington, shrugging. "I'm not so sure they're wrong."

The Soviet decision to expel Solzhenitsyn may yet backfire. In the U.S., it drew an angry attack from Sen. Henry Jackson, a foe of relaxing restrictions on U.S.-Soviet trade unless the Russians agree to ease their rigid emigration policy. "The action of the Soviet authorities against a brave and decent man threatens Solzhenitsyn," Jackson said, "but more than that, it underscores the question of whether the Soviet Union wants a genuine détente." And any chance of liberalizing the ground rules for trade with the Soviet Union in the current session of Congress appeared doomed to failure, which would dash a promise Mr. Nixon made during the Moscow summit of 1972.

The Administration also found itself fighting a brisk brush fire over Solzhenitsyn on its own right flank. New York's conservative Sen. James L. Buckley accused Kissinger of an unacceptable attempt to separate the moral content of détente from pragmatic considerations. He called on the President to cancel his upcoming visit to the Soviet Union scheduled next June. Other voices on the right agreed with Buckley, and Mr. Nixon found himself scrambling to prevent an open break with the right wing of the GOP. With impeachment proceedings a constant threat, the President could ill afford this new danger to his waning base of support in Congress.

As for Solzhenitsyn himself, there was no question that his banishment was particularly cruel punishment. Solzhenitsyn, like many Russian writers of the past, has a deep feeling for his country. In 1970 he declined to go to Stockholm to pick up his Nobel Prize, fearing that Soviet officials would not let him return. "Exile," noted Böll last week after talking to Solzhenitsyn, "is the worst thing that can happen to a writer." As it happens, there is a long Russian tradition of the dissident exile stretching back into czarist times: Alexander Herzen, Mikhail Bakunin and Lenin himself all managed to fan the fires of change from abroad.

A NEW VANTAGE POINT

The key question was how Solzhenitsyn would fare both as a writer and as a critic of the Soviet regime from his new vantage point of enforced exile in the West. For the moment, his first concern was to find a permanent place to live, perhaps in a Scandinavian country, so that his wife and children can join him. Until they are reunited, he intends to remain silent on the great issues that have tormented his conscience for more than 30 years. But nothing will still Solzhenitsyn's voice for long. He has already squirreled away the last five of the seven parts in "The Gulag Archipelago," and probably has other unpublished works ready for print as well. In the coming years, Solzhenitsyn can be counted on to hurl them one by one at his persecutors.

SOVIET HERETICS: OTHER VOICES, OTHER DOOMS

Only two Soviet citizens have ever been forcibly exiled abroad—Leon Trotsky and Solzhenitsyn. For most dissidents, there are other penalties.

Andrei Sinyavsky: Convicted of slandering the state in manuscripts smuggled to the West, literary critic Sinyavsky spent five years at hard labor. He was released in 1971 and allowed to emigrate. Today, at 48, Sinyavsky teaches Russian literature at the Sorbonne in Paris.

Pyotr Yakir: Stalin executed his father—a distinguished general—and condemned him to a boyhood in prison camps. As a result, Yakir became an outspoken critic of the regime. Arrested in 1973, the 50-year-old historian recanted. He was banished from Moscow.

Yuri Galanskov: For editing an underground literary journal, Galanskov received seven years at hard labor. Chronically ill with ulcers, the 33-year-old poet collapsed in 1972. He died during surgery at a prison camp.

Gen. Pyotr Grigorenko: For years, he had been a regular at Soviet civil-liberties demonstrations. In May 1969, police arrested Grigorenko, a World War II hero, for trying to attend a dissident trial. Grigorenko, 66, has been in insane asylums ever since.

Larisa Bogoraz: Philologist Bogoraz, 44, demonstrated quietly in Red Square against the 1968 Soviet-led invasion of Czechoslovakia. She served three years in Siberia at hard labor and is now free.

Andrei Amalrik: In the book "Will the Soviet Union Survive Until 1984?" historian Amalrik, 35, predicted a bleak future for his nation. He was sentenced to three years, then a further term for defaming the state during custody. He is in exile.

Valery Chalidze: Though he is a physicist by training, 35-year-old Chalidze became an expert on Soviet law by working in the dissident movement. Moscow granted Chalidze a travel visa in 1972—and revoked his citizenship when he reached the U.S. He is now writing in New York.

Zhores Medvedev: When geneticist Medvedev protested restrictions on scientific exchanges with the West, officials dispatched him to an asylum. Released after a storm of protest, he traveled to England for research. Moscow canceled the 48-year-old Medvedev's citizenship.

DÉTENTE: END OF ILLUSIONS

Only last summer, Leonid Brezhnev was the toast of San Clemente—gamboling on the lawn of President Nixon's seaside estate, bear-hugging movie stars and reveling in verbal bouquets about a new era of U.S.-Soviet relations. Last week, that same Leonid Brezhnev, in a gesture rich in contempt for the opinion of Americans and most of mankind, expelled from his homeland Russia's most distinguished author. Both in style and in substance, the contrast was stunning. And inevitably, the forced exile of Aleksandr Solzhenitsyn sparked fresh debate in the U.S. over the wisdom and morality of pursuing a policy of détente with the Soviets.

As in all such discussions about the Soviet Union, it was hard to separate fact from feeling. Many Americans have never felt altogether comfortable cooperating with a regime whose values and goals are so different from those of their own society. Others, recognizing that Washington does not need to approve of a foreign nation to do business with it, nonetheless seriously wonder whether the Soviet leaders can be trusted. And even those pragmatists who believe that détente with the men in the Kremlin is vitally necessary if the world is to avoid nuclear destruction realize that America faces a major dilemma. As Henry Kissinger, the chief architect of U.S. policy toward the Soviet Union, once observed: "When domestic structures—and the concept of legitimacy on which they are based—differ widely, statesmen can still meet, but their ability to persuade has been reduced for they no longer speak the same language."

TALLY SHEET

As it happens, Solzhenitsyn's exile has spurred the American public and Congress to second thoughts about détente at precisely the moment when the tally sheet of recent U.S.-Soviet relations is being subjected to some close and hard scrutiny. According to both Mr. Nixon and Kissinger, the purpose of détente was to weave a fabric of interrelationships that would bind each nation's self-interest to that of the other and thus thaw out the cold war for good. Yet despite an impressive array of accords on everything from cancer research to seabed exploration, that goal has, at best, been only partly achieved.

For one thing, the U.S. and Russia still find themselves at loggerheads on a whole series of vital issues. In the area of strategic weaponry, the Soviets in recent months have made such dramatic strides with their MIRV's (missile with multiple warheads that are independently targetable) that this now threatens to undermine the 1972 strategic-arms limitation (SALT) accord. At the SALT bargaining that resumes this week in Geneva, Soviet negotiators can be expected to insist on maintaining a numerical lead in offensive missiles—as opposed to warheads—and they are also using current talks on East-West force reductions in Europe to ensure a continuing military advantage on the Continent. In addition, some U.S. officials are disappointed that Moscow failed to warn Washington last autumn of the impending Arab attack on Israel, in view of the recent bilateral agreement calling for consultations to damp down potential crises. And in recent weeks, the Communists have shown signs of going back on their 1971 guarantees of Western access to West Berlin.

At the same time, some critics fear that détente has benefited the Soviet economy at U.S. expense. Backward Soviet industry has already acquired a sizable infusion of American technological know-how. Two years ago, faced with a poor wheat crop, the Russians cleverly bartered for U.S. grain at bargain prices—a total of $800 million—leaving Amer-

icans short of wheat. Moscow is also boosting its prestige by joining in some highly touted cooperative ventures that depend primarily on American technology. For the joint space link-up scheduled to take place in 1975, for example, U.S. technical input is so far superior to that of the Soviet Union that at the Houston space center the project is called "the great wheat deal in the sky."

THE POSITIVE SIDE

Still, the achievements of détente are real and far from negligible. U.S.-Soviet trade has increased sevenfold since 1971—with results evident on the profit sheets of U.S. business corporations. Far more important, Secretary Kissinger can rightly cite his bargaining with Moscow as one of the factors that enabled the U.S. to end its bitter Vietnam venture. Without the new level of U.S.-Soviet dialogue that Kissinger developed, the Mideast war might easily have escalated to a real great-power confrontation. And on a range of issues from Berlin to Jerusalem, the two superpowers are barraging each other with telegrams and notes rather than with military maneuvers.

As for the painful moral questions posed by relations with a regime that dispatches its dissenters to insane asylums, labor camps or exile, Kissinger is clear about his priorities. "The necessity for détente," he told a press conference last week in the wake of Solzhenitsyn's departure from Russia, "does not reflect approbation of the Soviet domestic structure. The necessity of détente is produced by the unacceptability of general nuclear war under present conditions."

It can also be argued that the recent easing of Soviet-American tensions—and an increasing Soviet sensitivity to Western criticism that appears to be developing along with it—played a crucial role in the Kremlin's decision to ship Solzhenitsyn abroad rather than try him for treason. In fact, Soviet sources last week openly hinted that Washington was very much on the Kremlin's mind when the novelist's fate was decided. "Solzhenitsyn could have been put on trial," one Soviet source told NEWSWEEK's Jay Axelbank in Moscow. "But we didn't want people picketing the White House with signs saying 'Nixon, Don't Go to Russia'."

To count Solzhenitsyn's exile as a small triumph for détente while Russia's other dissidents remain in prison might seem a curious way of gauging Soviet progress. Yet that is precisely the measure that some Soviet dissidents themselves would use. These Russian dissenters argue that changes in Russia can only come about as a result of a slow evolution—and that evolution will be enhanced by closer relations with the West. "Détente will promote the broadening of democratic rights and freedoms in our country," dissident Soviet historian Roy Medvedev recently wrote. The Nixon Administration agrees. "In the long run," Deputy Secretary of State Kenneth Rush asserted last week, "greater trade and closer economic relations with the Soviets will be a far more effective liberalizing influence than continued isolation and lack of contact."

Unhappily, most Western Kremlinologists doubt that there will be any real softening of Soviet repression—at least not any time soon. Many Soviet dissidents share this gloomy prediction—and it is for precisely this reason that men like Solzhenitsyn and Russian nuclear physicist Andrei Sakharov have urged the U.S. to demand Soviet liberalization as a price of détente. It was just such Western pressure, they would claim, that eased Moscow's restrictions on the emigration of Russian Jews.

But if the U.S. tries to rush the U.S.S.R.'s internal evolution by means of threats and blackmail, the effort could be counterproductive. Medvedev has argued that outside pressure strengthens the hand of Soviet hardliners—and could lead to an even more crushing internal repression. Some Western experts foresee the same possibility. "Whenever there are public efforts to put pressure on the Soviets they dig in their heels," one State Department official said last week. And that, other specialists added, might lead to a dangerous buildup in international tension. "The U.S. can't lay down conditions for a diplomatic relationship with a world power like Russia," says one American diplomat in Moscow. "Otherwise we have an era of confrontation and all nuclear bets are off."

FROM ROMANCE TO REASON

That consideration—the need to reduce the risks of nuclear war—is obviously paramount in the Administration's policy of détente. Hardly anyone seriously suggests that the superpowers should return to the frigid posturings of the cold war. But the Solzhenitsyn affair does serve as a timely and poignant reminder that détente has not really altered the totalitarian, repressive nature of the Soviet regime.

For some reason, Americans seem peculiarly needful of such reminders about the Soviet character and motives from time to time. The euphoria of the U.S.-Soviet thaw has brought with it in some quarters a simplistic sense that the Russians have suddenly shifted from "bad guys" to "good guys." Solzhenitsyn's ordeal will presumably help replace such romantic illusions with a more rational perception of Soviet behavior. Hopefully, as détente proceeds, the U.S. can find the means to press on the Soviets—in a firm but unofficious way—the kind of democratic reform for which Aleksandr Solzhenitsyn and other Russian dissidents have risked their lives. "The answer is not to turn our backs on the Soviets," said one West German official after Solzhenitsyn's arrival in Frankfurt last week. "It is to recognize the limits of our influence and to exploit it as fully as we can. Like a heavyweight boxer, what we need now is patience, toughness and pragmatism. And we must not quit because our opponent has struck under the belt."

THE MAN WHO DEFIED THE KREMLIN

Kremlin leaders, in a throwback to Stalinism, have jolted the world again—this time by sending Russia's greatest living writer into exile.

Banishment of Alexander Solzhenitsyn, Nobel Prize novelist, was taken by many in the West as a reminder that the Soviet Government, although a superpower, is not yet strong enough to absorb vigorous criticism by its citizens. Instead, the regime apparently feels it must strangle dissent in order to survive.

Mr. Solzhenitsyn has been the strongest voice detailing the Stalinist regime of terror in the past—and documenting its continued existence today.

On February 12 the Kremlin ended any chance his voice would be widely heard from inside the Soviet Union. Eight policemen burst into the Solzhenitsyn apartment in Moscow and dragged him away. After a night in Lefortovo Prison, he was stripped of his Soviet citizenship and banished into involuntary exile. He flew first to West Germany, then went on to Switzerland.

EFFECT ON "DÉTENTE"

As a world outcry arose over the Kremlin's action, this question was uppermost: what impact would the author's expulsion have on moves toward easing relations between Russia and the Western world?

In the U.S., Mr. Solzhenitsyn's exile was likely to heat up an old debate on whether Americans have any business interfering in Russia's treatment of its dissident intellectuals.

Senator Henry M. Jackson (Dem.) of Washington, has long favored extracting a Soviet commitment to liberalization in exchange for better relations and trade with the U.S. Said Senator Jackson:

"The action of Soviet authorities . . . underscores the question of whether the Soviet Union wants a genuine détente."

The Nixon Administration however, restated its position that it would be of little use to put pressure on the Kremlin. Secretary of State Henry Kissinger said:

"Our constant view has been that the necessity for détente, as we conceive it, does not reflect approbation of the Soviet domestic structure. The necessity of détente is produced by the unacceptability of general nuclear war under present conditions."

But many observers came to this conclusion: The Kremlin is so fearful of dissent that it was willing to risk undermining some aspects of "peaceful coexistence" in order to snuff out the writer's criticism of the system. Immediately put under a cloud was the Conference on European Security and Coperation, long sought by the Soviets and now meeting in Geneva.

A few critics also questioned whether there would be a third summit conference between President Nixon and Communist leader Leonid I. Brezhnev, scheduled for later this year in Moscow.

A STALIN VICTIM

Mr. Solzhenitsyn, now 55, was a young artillery captain in World War II when censors found in his letters criticism of "the whiskered one"—meaning Stalin. It brought him eight years in prison camp.

Mr. Solzhenitsyn became known in the West, and to millions of Russians, during the rule of Premier Nikita Khrushchev when his novel, "One Day in the Life of Ivan Denisovich" was published. It was a moving fictional account of a Stalin labor camp. And it was the only major Solzhenitsyn work to be printed in his homeland.

In the outside world he was hailed for "The First Circle," "Cancer Ward" and "August, 1914." In 1969 he was expelled from the Union of Soviet Writers. A year later he won the Nobel Prize for Literature, but refused to go to Stockholm to receive the award, fearing he would not be allowed to return.

All this—plus Mr. Solzhenitsyn's outspoken interviews with Western newsmen—enraged Soviet authorities. But it was his latest book, "Gulag Archipelago," now being published in the West, that brought on his exile.

In that book, Mr. Solzhenitsyn documented the savagery of the prisons, traced Soviet tyranny back through Stalin to Lenin, and pinpointed the involvement of present Soviet leaders.

There was widespread fear among Mr. Solzhenitsyn's friends in Russia and abroad that the book would send the author back to the prison system he had laid bare before the world.

Instead, apparently bowing slightly to world opinion, the Kremlin chose exile, and announced that his wife and three young sons could join him later.

It was the first such involuntary exile imposed by the Soviet Union on a major figure since Leon Trotsky was deported to Turkey in 1929 after losing a power struggle with Stalin. However, other dissidents have been stripped of their citizenship while traveling abroad, and ordered not to return. There was evidence this practice would continue.

"I WRITE THE TRUTH"

Mr. Solzhenitsyn has written:

"Our law is powerful, slippery and unlike anything else on earth known as 'the law.'. . .

"There is simply a wall. And its bricks are laid in a mortar of lies. . . .

"All this perfidious secrecy, all this fog of uprighteousness, hangs in the air around us, hangs over our cities more densely than the city smoke itself.

"A powerful state towers over its second half century, bound with hoops of steel. The hoops are there indeed, but not the law."

In a statement set down just before his arrest, Mr. Solzhenitsyn said:

"I leave them the simple choice of all tyrants: to kill me quickly because I write the truth."

But the Kremlin had another choice: exile. The truth, apparently, is seen as not so dangerous if written outside the Soviet Union.

SOLZHENITSYN: AN ARTIST BECOMES AN EXILE

Woe to that nation whose literature is cut short by the intrusion of force. This is not merely interference with freedom of the press but the sealing up of a nation's heart, the excision of its memory.

The blue and white Aeroflot TU-154 jet airliner taxied to the far end of the terminal at Frankfurt's Rhein-Main Airport. From the first-class exit emerged a husky 55-year-old man with a distinctive fringe of red beard. At the bottom of the ramp, a German hostess handed him a single pink rose; he smiled faintly and bowed over her hand. As police held a swarm of newsmen at bay, the traveler got into a Mercedes-Benz limousine that whisked him to the tiny village of Langenbroich, 100 miles away. Arriving at his host's small farmhouse, he was welcomed in the harsh glare of TV floodlights. He slipped past the crowd of reporters, photographers, local police, neighbors and gawkers. "I was in prison just this morning," he said. "First I must get used to things and try to comprehend my situation."

Thus last week began the exile of one of the world's great writers, an authentic hero in an age sorely lacking them, the man who for millions the world over has come to represent the conscience of Russia: Alexander Solzhenitsyn. Shortly after the dazed and weary writer landed in West Germany, the Soviet news agency Tass issued a laconic, nine-line communiqué. It announced that Solzhenitsyn had been stripped of his citizenship by a decree of the Supreme Soviet and deported for "systematically performing actions that are incompatible with being a citizen of the U.S.S.R." Tass added that his wife and children could join him "when they deem it necessary."

With the banishment, Solzhenitsyn's remarkable career as a writer in Soviet Russia came full circle. It had begun with the official publication in 1962 of his concentration camp novel *One Day in the Life of Ivan Denisovich*, a work that *Pravda* hailed as a masterpiece. Nikita Khrushchev was, in a way, his patron; he had encouraged the publication of *One Day* as part of his own effort to discredit Stalin. But once Khrushchev himself was deposed, there followed for Solzhenitsyn a decade of increasingly dramatic confrontations with the authorities. His subsequent novels were banned, and he was regularly excoriated in the Soviet press.

Nonetheless, his books circulated widely in Russia by *samizdat* (self-publishing) and became bestsellers in the West. At the same time, he became the spiritual leader of Russia's dissident "democratic movement." The award of the Nobel Prize for Literature to Solzhenitsyn in 1970 infuriated the Soviets, for it only enhanced the worldwide following that made him hard to silence. Instead, they turned on others in the dissident movement in a brutal three-year drive to imprison its leaders or confine them in police-run madhouses.

A GIANT THORN

Solzhenitsyn's final and intolerable challenge came when he authorized publication in Paris of the first two parts of *The Gulag Archipelago*. A devastating, documented account of Lenin's and Stalin's reign of terror, the book was a reminder of how unfree Soviet society was, and still is. Moreover, as the Kremlin well knew, he had even more devastating revelations to make: five as yet unpublished sequels to *Gulag* deal with repression under Khrushchev and his successor Leonid Brezhnev. Soviet frustration was mixed with anger when the author declared that he would order all his banned work published abroad if he was arrested. Defying the regime to act against him, Solzhenitsyn answered a barrage of criticism in the Soviet press with ever more daring and pointed rebuttals.

By exiling Solzhenitsyn, the Kremlin ridded itself of a giant thorn. And yet, as TIME Correspondent John Shaw cabled from Moscow last week, "in the last analysis, the deportation was an act of weakness and desperation—an admission that the Soviet system holds no answer in law or fact or argument to meet Solzhenitsyn's challenge. Unable to answer his charges, incompetent to silence him, afraid to imprison him and incapable of tolerating his opinions, the Soviet state had no other option but to declare him a non-person.

Solzhenitsyn's deportation climaxed a harrowing suspense drama that had riveted international attention for five days. It began with an ominous summons from the Soviet state prosecutor's office, which ordered the writer to meet with investigators. Solzhenitsyn's wife Natalya rejected the order. In response to a second, more peremptory summons, Solzhenitsyn released a defiant written statement of refusal. "Given the widespread and unrestrained lawlessness that has reigned in our country for many years, and an eight-year campaign of slander and persecution against me, I refuse to recognize the legality of your summons. Before asking that citizens obey the law, learn how to observe it yourselves. Free the innocent, and punish those guilty of mass murder."

Friends, who feared that Solzhenitsyn would be arrested and imprisoned, were struck by his composure. After refusing the second summons, he went back to his desk in his narrow, 6-ft. by 18-ft. study. Solzhenitsyn often worked here twelve hours a day. That kind of dedication made possible his prodigious production in two decades of novels, plays, short stories—not to mention the massive *Gulag*. Six weeks ago, when the official drive against *Gulag* began, he had vowed, "They will not make me lose a single day of work."

CRUEL MOCKERY

The day of his arrest began as a normal, busy family day. While Solzhenitsyn worked, his mother-in-law looked after his five-month-old son Stepan; his two older boys, Yermolai 3, and Ignat, 16 months, played in the park near by. As dusk fell, seven policemen entered the building and hurried up the stone steps to Apartment 169. Solzhenitsyn's wife was told that the men wanted to talk to her husband. Their leader announced that he had the authority to take Solzhenitsyn with him—by force, if necessary. "There were seven of them," Natalya said later. "What could we do? If there had been two it might have been different." Calmly, Solzhenitsyn packed a razor, a toothbrush and warm winter clothes and kissed baby Stepan goodbye. The men took him to Moscow's Lefortovo Prison, familiar to readers of *Gulag* as one of the most terrible of Russia's prisons.

What followed was like a scene from *Gulag*. Solzhenitsyn was first stripped and searched, then dressed in prison garb. He was questioned for several hours by a team of interrogators but refused to answer questions or sign the usual official report of the interrogation. He was told that the charge against him was treason, for which the maximum punishment is death. Just as another great Russian writer, Fyodor Dostoyevsky, was placed before a sham firing squad 125 years ago, so was Solzhenitsyn subjected to a similarly cruel mockery. Although the Soviets planned all along to deport him to the West, he was locked in a cell that night under the threat of the death penalty. At 1 p.m. the following day, he was ordered to dress in prison-issue street clothes and driven to Moscow's Sheremetyevo Airport. Only when the jet landed in Frankfurt did he know his destination.

Four and a half hours before Solzhenitsyn's departure, Soviet Ambassador to Bonn Valentin Falin had called on the West German Foreign Ministry to inform them of Solzhenitsyn's banishment and formally ask if the writer would be accepted. Bonn quickly agreed, and indeed there was speculation that the arrangement might have been worked out in advance between Moscow and Bonn. Only twelve days earlier, in a curious aside in a speech about freedom of expression, Chancellor Willy Brandt had stated: "Solzhenitsyn would be able to live freely and work unhampered here."

Solzhenitsyn's host in Germany was a friend and fellow Nobel prizewinner Novelist Heinrich Böll. The morning after he arrived in Germany, Solzhenitsyn posed for photographers and even autographed copies of *Gulag* that were thrust at him by newsmen. Still, he refused to answer questions. "*Genug, genug* [Enough]," he said in German, adding in Russian, "I have given enough in my own country. There I spoke. Here I remain silent."

Among his first visitors was Dimitri Panin, who had been in prison with him and was the model for the character Sologdin in Solzhenitsyn's novel *The First Circle*. Panin, who now lives in Paris, later talked with Time Correspondent David Tinnin. He said he found the author "very nervous, tired and restlessly pacing up and down," but that he seemed to relax somewhat after managing to get a telephone call through to his wife in Moscow. After two days in Langenbroich, Solzhenitsyn took a train to Zurich with his Swiss lawyer, Fritz Heeb. Although the writer chose to remain silent about his plans, Heeb told reporters that he thought the Solzhenitsyns would ultimately settle somewhere in Scandinavia.

The Soviet leaders' decision to deprive Solzhenitsyn of his citizenship and fling him out of Russia was a shrewdly calculated maneuver to rid themselves of their most eloquent critic while defusing the explosion of protest in the West. Although many European leaders expressed shock last week at Solzhenitsyn's summary banishment, the worldwide response was largely one of relief. The Kremlin's solution was made to appear very nearly humane, in contrast with the worst that had been feared.

CLUMSY TACTICS

The reaction within the Soviet Union of course was quite different. Prior to his arrest and deportation, Soviet papers were full of letters from citizens insisting that the authorities do just that. After his banishment, the letter-writing campaign continued with a new twist. Demands for his punishment were replaced by expressions of gratitude that Kremlin leaders had uprooted "the traitor." Only twelve hours after Solzhenitsyn's deportation had been announced on Moscow Radio, *Izvestia* was able to print a letter purportedly from a reader in Baku, although mail usually takes ten days to reach Moscow from there. Other minor miracles were performed by letter writers from Minsk and Kiev: their messages of approval were also received several days ahead of schedule. Such transparently clumsy tactics were added evidence that the Kremlin had long prepared the action against Solzhenitsyn.

Soviet leaders have reason to fear him: no man alive today has more authority than Solzhenitsyn to draw world attention to the Kremlin's long record of inhumanity. In an era of détente, many would prefer to have that record forgotten. Yet Solzhenitsyn—martyr, survivor and great writer—demands a hearing. He spent eleven years in Stalin's prisons, camps, and in exile, preparing him-

self to bear witness to what he had observed. His superb earlier novels (*The First Circle, One Day in the Life of Ivan Denisovich* and *The Cancer Ward*) were fictionalized reflections of that experience. In the first two parts of *Gulag*, however, he set out to document the entire range of horrors inflicted upon the Soviet people from 1918 to 1956. A 260,000-word mosaic, composed of personal reminiscences, interviews with survivors, and documents, *Gulag* lays out the intricate patterns of terror.

True, that terror subsided after 1956, when, by Khrushchev's decree, millions were freed from the giant "archipelago" of prisons and camps run by "Gulag," the Central Corrective Labor Camp Administration. But the significance of *Gulag* lies in its thrust into the present—and future—of the U.S.S.R. Solzhenitsyn perceives that an entire nation has been debased by four decades of totalitarianism far more oppressive than Czarist authoritarianism. Ordinary people have been rendered indifferent to injustice and pitiless toward the suffering of others. Among bureaucrats, the absolute exercise of power in the past continues to corrupt absolutely in the present. "Thus," he mourns, "have we been driven to become savages."

BY ACCIDENT

Solzhenitsyn argues that Stalin's rule by terror was no mere aberration in the development of Communist. Instead, he writes, it is inherent in the system established by Lenin, consolidated by Stalin and preserved, in essence, by the present Kremlin leaders. He points an accusing finger at Stalin's accomplices who still hold office in the Soviet Union: "What a path to ruin lies ahead if we cannot cleanse ourselves of this filth festering in our body!"

Much of *Gulag's* power to persuade lies in the author's unsparing personal account of the path he traveled before arriving at the convictions expressed in his book. An archetypal child of the Russian revolution, he was born in 1918, the son of an officer, and brought up in the provincial city of Rostov-on-the-Don. As a youth, Solzhenitsyn dreamed of writing a history of the revolution. "Then," he recalls, "I never needed anything but Marxism to understand the revolution." He failed to recognize signs of mass terror, like the column of prisoners he remembers seeing pass through Rostov in his boyhood. Solzhenitsyn entered Rostov University to study mathematics in 1936 on the eve of the Great Purges, which sucked millions of innocent people into the camps. He admits that it was only by accident that he was not hired by the secret police when their recruiters came to the university. "I was a fully qualified executioner," he writes. "If I had gotten into NKVD school under Yezhov,* maybe I would have matured just in time to serve Beria."

Instead, Solzhenitsyn was drafted into the Red Army in 1941. After that, he confesses, he acquired the habits of the Soviet elite: "I ate my officer's butter with pastry, without giving a thought to why I had a right to it, while rank and file soldiers did not . . . This is what happens when you put epaulets on people's shoulders; they begin to feel like little gods." Rising to the rank of artillery captain, Solzhenitsyn was decorated several times for bravery while serving on three fighting fronts. Then, in the midst of a battle in 1945, he was arrested for criticizing Stalin in letters to a friend.

Solzhenitsyn views his arrest as a great personal turning point—the beginning of his life as a thinking being. At that same crossroads, he suggests, millions of Russians entered into one of two categories of Soviet citizens: the oppressed and the oppressors. This national dichotomy, he says, tragically disturbed the balance of good and evil that he perceives in every man. Speaking of the oppressors, he asks: "How did this tribe of wolves arise from among our people? Are they not of the same root, the same blood?" He confesses that he too might have joined the predators had he not been imprisoned.

In *Gulag*, Solzhenitsyn describes his arrest for the first time. In February 1945, as the Red Army rumbled inexorably through Germany to Berlin, the battle-worn captain was suddenly seized near Königsberg, on the East Prussian front. He was stripped of his rank, his medals and his gun, and escorted by armed guards back to Moscow's Lubyanka Prison. It was then that the writer was born. Passing through a Moscow subway station en route to Lubyanka on that bitter winter day, Solzhenitsyn paused and surveyed the scene:

"The circular upper hall with its white cupola is bathed in electric light, and from the depths of the station, along two parallel escalators, Muscovites rise to meet us in serried ranks. They all seem to look at me as if expecting me to shout at least one word of truth. Why am I silent? . . . Because these Muscovites standing on the escalator stairs are not numerous enough; my cry would be heard by 200, perhaps 400 people. But what about my 200,000,000 compatriots? I have a vague premonition that one day I will scream out to all those 200,000,000. But for the moment I do not utter a sound, and the escalator carries me irresistibly to the nether world."

BITTER PARADOX

Gifted with near-total recall, Solzhenitsyn set out to develop his powers of observation while in captivity. In the monotonous daily routine of his first weeks in Lubyanka, he noted that "the events are tiny, but for the first time in your life you learn to examine them under a magnifying glass." For the first time, too, he encountered the victims of Soviet terror whom he would meticulously interview for the next 23 years. He was struck by a bitter paradox: prison offered the possibility of discussing freely what was unthinkable "outside." Meetings with prisoners led him, for the first time, to question his faith in Marx and Lenin. One oldtime convict, a former associate of Lenin's, told him: "You're a mathematician. Don't forget Descartes. Subject everything to doubt. *Everything.*"

Solzhenitsyn also became aware at that time of alternatives to Communism. From an Estonian lawyer he heard about the democracy that was finally crushed by the Soviets in 1944. "I had never before dreamed that I would become interested in Estonia or bourgeois democracy," he writes. "It was not clear why, but I began to like it all, and the new information was stored away in my mind." His education continued as he learned of the mass arrests that had swept millions of peasants, as well as hundreds of thousands of party members and Soviet intellectuals into prison camps in the 1920s and '30s. He memorized hundreds of grim stories told by the survivors. He also noted the methods of police interrogators, often so cynical that they did not even bother to disguise their disbelief in the confessions they wrung out of their victims.

SCOPE OF EVIL

After a few weeks in Lubyanka, the seeds of doubt had been planted in the mind of the fervent young Marxist. But it was only after he was transferred from Lubyanka to another Moscow prison, Butyrki, that Solzhenitsyn began to perceive the scope of the evil that had befallen his country. In Butyrki, he met the first contingent of Russian soldiers and civilians who had been captured by the Germans during the war. These people were now being repatriated—straight into Stalin's prisons and camps. Nearly 2 million of the 5.7 million prisoners of war had died of hunger and mistreatment in the Nazi camps. Now Solzhenitsyn began to hear the appalling stories of the survivors. Recalling one of the horrors recounted to him by an ex-prisoner, Solzhenitsyn writes, "A crazed P.O.W. might have crawled up to me, too, as I was dying, and gnawed the flesh off my elbow. . . . Listening to such things, the story of my own arrest seemed to me insignificant."

Solzhenitsyn regards the brutal fate of these returned P.O.W.s as one of the most frightful of Stalin's crimes. "They were called traitors," he writes of them, "but they did not betray the motherland. The motherland betrayed them, and betrayed them three times." The first betrayal was Stalin's bumbling strategy, which nearly lost the war and allowed the Germans to capture vast numbers of prisoners. Then these Soviet P.O.W.s were virtually abandoned by Stalin and left to die in Nazi camps. Finally the survivors were lured home by the oft-repeated promise of forgiveness.

Some of the repatriated Russians were, as Solzhenitsyn concedes, Nazi collaborators. He does not condone the fact that more than 500,000 Soviets served in the German army—mostly as noncombatants. But he also points out that this was the first time in history that a nation had formally and officially renounced its P.O.W.s refusing to sign the Geneva Convention on prisoners of war. Since Stalin had written them off, Hitler treated the Russians far more cruelly than other Allied prisoners.

As a result, many felt compelled to serve the Germans in order to survive. Solzhenitsyn is careful to distinguish between degrees of collaboration. Some "scum" joined the Nazi *polizei*. Ukrainians, Latvians and other national groups, deeply embittered by Soviet persecution, joined Waffen SS divisions. The so-called "Russian Army of Liberation"* held the pitiful belief that a German victory would enable them to bring democracy to Russia. Other P.O.W.'s escaped the Nazis to fight with the Soviet partisans or try to rejoin the Red Army. Whether scum or hero, all received the same sentence when they returned home: ten years.

As a former soldier, Solzhenitsyn deeply identifies with the plight of these wretched men. He records "with shame" an incident he witnessed at the front. A sergeant of the Soviet Secret police, on horseback, was using a knout on a captured Russian soldier who had served in a German unit. Staggering, the man was naked from the waist up, his torso covered with blood. Suddenly he cried out to Solzhenitsyn in agony: "Mister Captain!"

"Any officer in any army in the world should have put a stop to this act of torture without trial," he writes. "But I was a coward . . . I said nothing and I did nothing . . . This picture has remained in my mind ever since. It is, after all, almost the symbol of the archipelago."

The passages in *Gulag* about the Russian P.O.W.s are the first accounts of their tragic fate to come out of the Soviet Union. Soviet authorities have used these chapters to portray the author as a Nazi traitor. Most of the official attacks on the book have included falsified quotations purporting to show that Solzhenitsyn called General Vlasov a "hero" and "mocked the sacrifices made by the Soviet people during the war."

Though utterly untrue, these allegations were shrewdly calculated to appeal to the citizenry of a nation that lost 20 million in

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* Nikolai Yezhov, head of the secret police from 1936 to 1938; he was replaced by Lavrenty Beria.

* A phantom "army" led by ex-Red Army General Andrei Vlasov. Two Russian divisions in the Wehrmacht were formed in 1944 under him. These units switched sides in 1945 and helped liberate Prague from the German army.

World War II. This terrible memory has been kept alive by three decades of Soviet propaganda, presenting "the Great Patriotic War" as an unmitigated triumph for Communism. Any objective appraisal of wartime collaboration by Soviet citizens with the Germans is still forbidden.

But this, as Solzhenitsyn points out, is no way to write history. "My object," he declares "is to examine the social reasons for this unheard-of phenomenon: that several hundred thousand young people took up arms against their mother country on the side of her worst enemy. We must consider who was to blame—these young people or the motherland. You cannot explain it by some inborn biological instinct for treachery. In general," he concludes, "the war showed us that the worst thing on earth is to be a Russian."

The Kremlin would clearly have preferred a harsher punishment for Solzhenitsyn had he been less famous and more vulnerable, but exile had its political advantages. The author's deportation was unlikely to cause more than an intense but brief flurry of dismay at the 34-nation European Security Conference currently meeting in Geneva.

Plans for the Brezhnev-Nixon summit next spring continued in Washington, and the White House declined to comment on the deportation. Predictably, Democratic Senator Henry Jackson called Nixon's silence "deplorable." He said that "the Administration has posed a false choice between avoiding nuclear war and keeping faith with the traditional value of individual liberty."

High-level State Department officials, on the other hand, were relieved that the writer was out of prison before Secretary of State Henry Kissinger was obliged to face the issue of his arrest. Explained one U.S. Government official: "Kissinger was rescued from a terribly difficult situation. He would have had to deplore the arrest or lose a great deal of stature. From his standpoint, he was very lucky." Kissinger's statement was distinctly cool. He said that Solzhenitsyn would be welcome to settle in the U.S., but added that "our constant view has been that the necessity for détente does not reflect approbation of the Soviet domestic structure." That necessity, in Kissinger's view, is rooted in the threat to the world's survival posed by the U.S. and Soviet nuclear arsenals; hence the absolute priority given to a measure of concord and understanding between the two superpowers.

From that perspective, the Solzhenitsyn case has long been regarded by the Nixon Administration as troublesome for the course of détente, however just the writer's case and criticisms of the Soviet regime. In turn, Solzhenitsyn has often been cited by opponents of East-West accommodation as the symbol and proof of the Kremlin's resistance to any ideological or social change.

Inevitably, questions arise as to whether he had any sort of political strategy plotted out in the timing of *Gulag's* publication, which seemed to force the pace of retribution against him. By all accounts, apparently not. He has never directly engaged in polemics about détente, unlike his friend and fellow dissident, Physicist Andrei Sakharov, who appealed to the U.S. Congress last year to make democratization of the U.S.S.R. a precondition for expanding trade relations with Russia. Solzhenitsyn's concerns have always been less political than moral. In his Nobel Prize lecture, he wrote: "The salvation of mankind lies only in making everything the concern of all. People in the East should without exception be concerned with what people are thinking in the West; people in the West should without exception care about what is happening in the East. Literature, one of the most sophisticated and sensitive instruments available to human beings, has been one of the first to pick up and to join in expressing this feeling of the growing unity of mankind."

Though provoked by Solzhenitsyn's defiance, the Soviet leaders' action against him was doubtless calculated to deprive the dissident movement within Russia of its spiritual leader while further intimidating the regime's remaining critics. About 50 dissidents have been detained and interrogated in the past three weeks, and many feared that Sakharov might soon be deported too. "We now feel very naked, very alone," a young liberal intellectual told Correspondent John Shaw in Moscow last week.

Nonetheless, Solzhenitsyn's example may in fact hearten rather than discourage Russia's libertarians. Last week Sakharov and nine other prominent dissenters issued an impassioned defense of Solzhentisyn's actions: "His so-called 'treason' consists of his disclosure to the whole world, with shattering force, of the monstrous crimes committed in the U.S.S.R. not very long ago." They demanded the publication of *Gulag* in the Soviet Union and called for an international investigation of the crimes against innocent Soviet citizens.

But what now of Solzhenitsyn in exile? From a financial standpoint, at least, he has no worries. Swiss banks have custody of anywhere from $2 million to $6 million in royalties on his books—money that he had earmarked for "humanitarian purposes." Part of this could justifiably be used to ensure his family's future. Ironically, a new life of freedom might expose Solzhenitsyn to a hazard he never faced in Moscow: the constant distracting attention of *paparazzi* and other celebrity seekers. So far he seems to be tolerating, if not actually enjoying the novelty. On arriving in Zurich, he smilingly acknowledged cheers from the waiting crowds.

The larger question, though, is whether his work might suffer now that he has been cut off from his native language. Solzhenitsyn certainly is aware of the difficulty: a character in *The First Circle* refers to exile in the West as "spiritual castration." Most experts, though, believe that he will survive as a creative force, even though he will have lost his unique platform in Russia.

HIS MISSION

Britain's leading specialist in Soviet literature, Max Hayward, points out that "Solzhenitsyn is already a fully formed, great writer who has completed many major works in Russia. Exile is hardly likely to affect him now as a writer." Leonard Schapiro of the London School of Economics adds that "even if he is cut off from the living speech of Russia, he is now engaged in writing historical works, and there is no doubt that he has a tremendous gift of bringing history alive that is denied to us mere historians."

Before his exile, Solzhenitsyn spoke of his "relief and calmness" in the accomplishment of his mission. This he perceives as a memorial to the dead of the archipelago. But his books are also Solzhenitsyn's gift to the living. Mindful of George Orwell's dictum that he "who controls the past controls the future," he has already wrested Soviet history from those bent on obliterating it and restored it to his people. In the future, he may also succeed in quickening the conscience of both the oppressed and the oppressors in his unhappy country. For, as he wrote in his Nobel Prize lecture, "The persuasivness of a true work of art is completely irrefutable; it prevails even over a resisting heart."

Mr. THURMOND. Mr. President, it is my pleasure to rise in support of the resolution offered by my distinguished colleague from North Carolina (Mr. HELMS).

Alexander Solzhenitsyn is a living symbol of the basic freedoms that we Americans hold so dear. He is a man not only of great ability, but of great courage. Perhaps most important, he is a man who has dedicated his entire life to a tireless struggle against oppression. He is a man whom any country in the world would be honored to call "citizen"—any country, that is, except the Soviet Union or other Communist nations.

The personal trials of Alexander Solzhenitsyn point out, once again, the vast differences between the United States and the Soviet Union—the differences between democracy and communism. The fight that Alexander Solzhenitsyn is now waging against the Communist rulers is a fight for freedoms that are so firmly endowed in the American way of life that they are often taken for granted. It is painfully too clear that these freedoms are completely foreign to communism.

Mr. President, it is both a privilege and a pleasure to join with my distinguished colleague from North Carolina in support of this resolution. I urge my other colleagues in the Senate to also join in this expression of support for a very worthy and courageous man.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 41

At the request of Mr. DOLE, the Senator from Maryland (Mr. BEALL) was added as a cosponsor of S. 41, to designate November 11 of each year as Veterans Day and to make such day a legal public holiday.

S. 467

Mr. RANDOLPH. Mr. President, following the introduction last year of S. 467, a bill to extend the programs of the Public Works and Economic Development Act, the Senator from Georgia (Mr. NUNN) asked to be listed as a cosponsor of that measure. Through a regrettable oversight his name was not shown as cosponsor of that measure. The subject matter of the bill was subsequently enacted as H.R. 2246. Mr. President, I ask unanimous consent that the RECORD show Senator NUNN's support of this legislation and his cosponsorship of S. 467.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 1401

At the request of Mr. HRUSKA, the Senator from Texas (Mr. TOWER) was added as a cosponsor of S. 1401, to establish rational criteria for the mandatory imposition of the sentence of death, and for other purposes.

S. 2510

At the request of Mr. CHILES, the Senator from Maine (Mr. MUSKIE), the Senator from Illinois (Mr. PERCY) and the Senator from Florida (Mr. GURNEY) was added as cosponsors of S. 2510, a bill to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes.

S. 2518

At the request of Mr. MONDALE, the Senator from Wisconsin (Mr. NELSON) was added as a cosponsor of S. 2518, the Women's Education Equity Act.

S. 2650

At the request of Mr. CRANSTON, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 2650, the Solar Home Heating and Cooling Demonstration Act.

S. 2657

At the request of Mr. Moss, the Senator from Delaware (Mr. BIDEN) and the Senator from Alaska (Mr. GRAVEL) were added as cosponsors of S. 2657, to provide scholarships for the dependent children of public safety officers who are the victims of homicide while performing their official duties, and for other purposes.

S. 2759

At the request of Mr. HART, the Senators from Minnesota (Mr. HUMPHREY and Mr. MONDALE) and the Senator from Wisconsin (Mr. NELSON) were added as cosponsors of S. 2759, to amend the Land and Water Conservation Fund Act of 1965.

S. 2782

At the request of Mr. NELSON, the Senator from New Jersey (Mr. WILLIAMS), and the Senator from Oregon (Mr. HATFIELD) were added as cosponsors of S. 2782, to establish a National Energy Information System, to authorize the Department of the Interior to undertake an inventory of U.S. energy resources on public lands and elsewhere, and for other purposes.

S. 2823

At the request of Mr. CHILES, the Senator from Arizona (Mr. FANNIN), the Senator from Utah (Mr. BENNETT), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 2823, to amend the Occupational Safety and Health Act of 1970.

S. 2854

At the request of Mr. CRANSTON, the Senator from South Dakota (Mr. ABOUREZK), the Senator from Nevada (Mr. CANNON), the Senator from New Hampshire (Mr. COTTON), the Senator from Kansas (Mr. DOLE), the Senator from Alaska (Mr. GRAVEL), the Senator from Florida (Mr. GURNEY), the Senator from Wyoming (Mr. HANSEN), the Senator from Maryland (Mr. MATHIAS), the Senator from Montana (Mr. METCALF), the Senator from New Mexico (Mr. MONTOYA), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. HUGH SCOTT), the Senator from Texas (Mr. TOWER), and the Senator from California (Mr. TUNNEY) were added as cosponsors of S. 2854, a bill to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolism, and Digestive Diseases in order to advance a national attack on arthritis.

S. 2861

At the request of Mr. BEALL, the Senator from Vermont (Mr. STAFFORD), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. CHURCH), and the Senator from Ohio (Mr. TAFT) were added as cosponsors of S. 2861, to authorize the Administrator of the Federal Energy Office to obtain certain information with respect to current supplies of crude oil and petroleum products.

S. 2875

At the request of Mr. HATHAWAY, the Senator from New Hampshire (Mr. MCINTYRE) was added as a cosponsor of S. 2875, to amend the State and Local Fiscal Assistance Act of 1972 to exempt any unit of local government which receives not more than $5,000 for the entitlement period from the requirement that reports of use of funds be published in a newspaper.

S. 2877

At the request of Mr. GRIFFIN (for Mr. TOWER) the Senator from Washington (Mr. JACKSON) was added as a cosponsor of S. 2877, the Meeting House Preservation Act.

S. 2882

At the request of Mr. MONTOYA, the Senator from South Dakota (Mr. MCGOVERN) was added as a cosponsor of S. 2882, to designate May 30 of each year as Memorial Day and to designate November 11 of each year as Veterans Day and to make such days legal public holidays.

S. 2887

At the request of Mr. BARTLETT, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 2887, the daylight savings bill.

S. 2895

At the request of Mr. DOLE, the Senator from Oklahoma (Mr. BELLMON) was added as a cosponsor of S. 2895, to amend the Economic Stabilization Act of 1970 to stabilize the price of propane.

S. 2906

At the request of Mr. MONDALE, the Senators from Iowa (Mr. CLARK and Mr. HUGHES), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors to S. 2906, a bill to amend the Internal Revenue Code of 1954 to permit taxpayers to utilize the deduction for personal exemptions as under present law or to claim a credit against tax of $200 for each such exemption.

S. 2923

At the request of Mr. INOUYE, the Senator from Maryland (Mr. BEALL), the Senator from New York (Mr. BUCKLEY), the Senator from Illinois (Mr. PERCY), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 2923, to amend chapter 55 of title 10, United States Code, to require the Armed Forces to continue to provide certain special educational services to handicapped dependents of members serving on active duty.

S. 2941

At the request of Mr. BAYH, the Senator from Iowa (Mr. HUGHES), the Senator from California (Mr. TUNNEY), the Senator from Wisconsin (Mr. NELSON), the Senator from Ohio (Mr. METZENBAUM), the Senator from New York (Mr. BUCKLEY), the Senator from Pennsylvania (Mr. SCHWEIKER) were added as cosponsors of S. 2941, a bill to amend title XVIII of the Social Security Act to provide for coverage under part B of medicare for routine Papanicolaou tests for the diagnosis of uterine cancer.

S. 2971

At the request of Mr. MCCLURE, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 2971, to suspend for a temporary period of time the provisions of section 27 of the Merchant Marine Act, 1920, in order to permit, under certain circumstances, vessels of foreign registry to transport fertilizer necessary to the production of agricultural commodities from Alaska to the west coast of the United States.

SENATE RESOLUTION 285—SUBMISSION OF A RESOLUTION TO DISAPPROVE THE RECOMMENDED RATES OF PAY

(Referred to the Committee on Post Office and Civil Service.)

Mr. FULBRIGHT. Mr. President, included in the President's $304.4 billion budget request is a recommended pay raise for Members of Congress and other officials in the executive and judicial branches of Government amounting to $34 million through fiscal year 1975. Under existing law these pay raises will become effective automatically unless either the U.S. Senate or the House of Representatives passes legislation disapproving the recommendations within 30 days of their submission—in other words by March 6.

In my judgment congressional pay raises at the present time are unjustified and should be disapproved. We are in the midst of one of the most inflationary periods in our country's history and interest rates are at record levels. In these circumstances, when the average American is being asked to sacrifice more and more of the purchasing power of his dollars, it seems to me inconsistent to increase the salaries of Members of the Congress and others who are among the highest paid officials in Government.

During the past several years there has been a great deal of rhetoric in this body about fiscal responsibility. In my view, the 1975 budget is excessive and I feel strongly that it can and should be reduced. There is no better place to begin this process than by disapproving the President's recommendations and thereby indicating to our constituents that we are willing to take our own fair share of fiscal discipline. A pay increase for Members of Congress at the present time would only serve to create additional inflation and place the economy in an even more perilous position. I am unable to support such a pay increase while the average taxpayer is forced to bear the burden of inflation.

Accordingly, I am introducing a resolution which would disapprove the salary recommendations of the President pursuant to section 225(h) of the Federal Salary Act of 1967. I hope my colleagues will join me by supporting the measure.

The resolution reads as follows:

S. RES. 285

Resolved, That the Senate disapproves the recommendations of the President with respect to rates of pay transmitted to the Congress in the budget for the fiscal year 1975 pursuant to section 255(h) of the Federal Salary Act of 1967.

ADDITIONAL COSPONSORS OF RESOLUTIONS

SENATE RESOLUTION 222

At the request of Mr. MAGNUSON, the Senator from Texas (Mr. TOWER) was added as a cosponsor of Senate Resolution 222, a resolution to authorize a national ocean policy study.

SENATE RESOLUTION 271

At the request of Mr. CHURCH, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) and the Senator from Missouri (Mr. SYMINGTON) were added as cosponsors of Senate Resolution 271, to disapprove the recommended rates of pay.

SENATE RESOLUTION 273

At the request of Mr. TALMADGE, the Senator from Georgia (Mr. NUNN) was added as a cosponsor of Senate Resolution 273, relating to the disapproval of certain pay recommendations of the President.

SENATE RESOLUTION 276

At the request of Mr. DOLE, his name was added as a cosponsor of Senate Resolution 276, to disapprove pay recommendations of the President.

SENATE RESOLUTION 281

At the request of Mr. INOUYE, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of Senate Resolution 281, to express the sense of the Senate with respect to the allocation of necessary energy sources to the tourism industry.

ADEQUATE RESERVES OF CERTAIN AGRICULTURAL COMMODITIES—AMENDMENT

AMENDMENT NO. 963

(Ordered to be printed, and refered to the Committee on Agriculture and Forestry.)

NATIONAL FOOD AND FIBER RESERVES

Mr. HUMPHREY. Mr. President, on behalf of myself, Senator MONDALE and Senator AIKEN, HARTKE, HUGHES, MCGEE, MCINTYRE, PASTORE, and STEVENSON, I introduce an amendment to S. 2005, a bill which Senator MONDALE and I introduced last summer, to provide for more adequate reserves of grains and soybeans.

The need for this legislation has become even more critical since last summer. Our Nation's reserves of both wheat and feed grains today are the lowest they have been in about 27 years. In fact, it is highly probable that U.S. carryover stocks of wheat by the end of this marketing year will reach almost zero. Carryover stocks of feed grains by the end of this marketing year also are expected to reach near record lows. These grains, of course, are the feedstock for livestock, dairy, poultry, and hog industries.

The effect of the changes to S. 2005, incorporated in my substitute amendment, is to simplify the reserve features, add reserve provisions for cotton, and give the Secretary of Agriculture authority to license exporters of agricultural commodities in short supply. It also gives the Secretary authority to require prior approval of certain export sales. It stops short, however, of authorizing any export embargoes or export limitations.

The amended bill continues the provision that if estimated carryover stocks go below the levels set in the bill—600 million bushels of wheat, 40 million tons of feedgrains, 5 million bales of cotton, and 150 million bushels of soybeans—the Secretary is authorized and directed to make loans and purchases, at not less than 100 percent of the established price for 1974 and 90 percent for 1975 through 1977, to bring the reserve stocks up to the levels in the legislation.

Also, whenever projected carryover stocks of a commodity fall below the level specified, the commodity is designated as a "critical commodity," and an exporter of a "critical commodity" must obtain an export license from the Secretary of Agriculture.

Government—Commodity Credit Corporation—stocks of "critical commodities" could not be sold on the domestic market for less than 135 percent of the established market price for wheat, feed grains, and cotton and 150 percent of the current loan rate for soybeans. Exports of CCC stocks of "critical commodities" could not be sold for less than 20 percent above the cash market price prevailing in the preceding week. This would price CCC stocks sold for export at about 20 percent higher than those sold for U.S. domestic use.

The Secretary of Agriculture is directed to maintain a weekly projection of foreign sales and domestic requirements in relation to available supplies of each designated "critical commodity." Each person licensed to export any "critical commodity" shall report exports of such commodity on a daily basis to USDA.

Prior approval by the Secretary of Agriculture must be obtained for exports of a "critical commodity" to any country when exports to that country in any given marketing year reach 120 percent of the previous year's exports. This provision is designed to prevent any country from raiding U.S. supplies unexpectedly, thereby assuring all buyers—both United States and foreign—equal access to U.S. supplies.

Mr. President, I was delighted to find that someone on the President's staff succeeded in alerting this administration to the need for food supply and price-stabilization measures for consumers.

The following illuminating paragraph appears on page 128 of the annual report of the Council of Economic Advisers, February 1974:

> Wide swings in farm and food prices contribute to instability throughout the economy. This became especially clear in 1973 when rising food prices accelerated the overall inflation rate. Although instability will at times lead to reduced farm prices, there are existing standby measures that cushion the decline in farm incomes. *Comparable measures do not exist at present to moderate an acceleration in consumer food prices.*

This paragraph is followed by the statement that new conditions and new issues face agriculture. The new conditions and issues are discussed, but policy recommendations for dealing with them are lacking.

Mr. President, S. 2005, as amended by this bill, provides an effective, efficient, low-cost method of correcting this deficiency.

RESERVES FEATURES BENEFIT BOTH PRODUCERS AND CONSUMERS

S. 2005, as amended by this bill, provides for acquiring and managing reserves of grains, soybeans, and cotton within the general framework of the forward-looking Agriculture and Consumer Protection Act of 1973.

At this time, attractive economic incentives are needed to assure maximum crop production in 1974. The possibility exists, however, that the crops may be so large that market prices will fall below the target prices set in the 1973 act, $2.05 a bushel for wheat, $1.38 for corn, and 38 cents a pound for cotton.

This bill requires the Secretary of Agriculture to offer producers nonrecourse loans on the 1974 crops of these commodities at the target price levels, and to offer nonrecourse loans at not less than 90 percent of the target price levels in future years when the carry-in from the previous marketing year was less than the desirable minimum reserves listed above. Government loans on soybeans would be made on a comparable basis.

These particular provisions would not only provide farmers with higher floor-price protection in times of over-production, but also would reduce the Federal Government's liability exposure regarding direct payments during such periods, and provide consumers—both livestock producers and housewives—with reserve stock protection for any future periods of severe shortage.

In order to prevent stocks at the desired minimum levels from depressing market prices in future years, minimum Commodity Credit Corporation resale prices would be raised to 135 percent of the established or target prices for grains and cotton and 150 percent of the loan rate for soybeans when the projected carryover of any of these commodities falls below the minimum desirable levels specified earlier.

I believe that if this bill is approved promptly, the 1974 harvests will be larger than otherwise because of the much higher floor prices provided. Rather than allowing prices to fall below the target levels, if the harvest is bountiful, some stocks might be accumulated in the 1974–75 marketing year.

We might be so fortunate as to harvest such large crops in 1974 that $1 billion in stocks of these commodities would be placed under loan and turned over to the Commodity Credit Corporation at the close of the marketing year. If that should occur and 2 years later another shortfall occurred, these stocks would be available for sale at 135 percent of their original cost. This would more than cover storage costs.

A reserve program as authorized in S. 2005, if properly administered, would benefit producers, domestic consumers, and export buyers, and probably would result in some income to the Government, because of the substantially higher selling prices as compared with acquisition costs. Excessive and burdensome stocks

would not be accumulated by the higher loan levels authorized in S. 2005, when supplies are short. As soon as supplies reach desirable levels, the Secretary of Agriculture may return to the lower nonrecourse loan levels authorized in the Agriculture and Consumer Protection Act of 1973.

EXPORT-MANAGEMENT FEATURES

S. 2005, as amended, also authorizes the Secretary of Agriculture to exercise a degree of control over exports of agricultural commodities in critically short supply. This is accomplished by four measures, all much less disruptive than resorting to export embargoes as in the case of soybeans in June 1973.

First, all exporters of an agricultural commodity designated as critical by the Secretary of Agriculture would be required to obtain an export license.

Second, all export sales of these commodities would have to be reported on a daily basis.

Third, prior approval by the Secretary would be required for export sales of any commodity in critically short supply when sales of that commodity to any individual country reach 120 percent of the previous year's exports to that country in any given marketing year.

Fourth, Government stocks of commodities in critically short supply may not be sold for export for less than 120 percent of the average cash market price prevailing in the principal markets in the preceding week.

Mr. President, U.S. farmers have a magnificent production record. Food supplies have been so abundant for the past two decades that consumers in the United States have been the best fed people in the world at relatively the lowest cost.

The situation changed abruptly in 1972, however, when the U.S.S.R. and the People's Republic of China entered the international grain markets to make up their shortfall in domestic production at a time when weather was unfavorable for crop production in a large part of the world.

We must continue to be a reliable supplier in the international markets. Our farmers cannot prosper without access to world markets.

Yet, if we are to maintain reasonably stable economic conditions in this country, and assure stable supplies for our regular foreign buyers, we must exercise some control over exports of agricultural commodities in critically short supply. S. 2005, as amended, will permit this desired, yet minimum control.

Prompt approval of S. 2005, as amended, is urgently needed. It will give producers additional economic incentives and security, with a higher floor under 1974 crop prices, as they are forced to make record expenditures to produce these crops. It will give consumers and our regular export customers additional protection in case supplies of these commodities become critically short before the 1975 crops are harvested.

For the future, the bill would help keep farm prices from going as low as otherwise might be expected, and it would permit the accumulation of stocks and prevent their release until they are needed to stabilize consumer and export supplies in time of short supply.

Mr. President, I already have requested that hearings on this bill be held sometime in March.

Senator WALTER D. HUDDLESTON, chairman of the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, of the Senate Committee on Agriculture and Forestry, has indicated to me that he expects to move forward on this legislation very soon.

Mr. President, I invite other Senators to join in sponsoring this legislation.

Mr. President, I ask unanimous consent to have my amendment to S. 2005 which is in the nature of a substitute, printed at this point in the RECORD.

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

AMENDMENT NO. 963

Strike out all after the enacting clause, and insert in lieu thereof the following:

That the Agricultural Act of 1970 is amended by adding at the end thereof a new title as follows:

"TITLE XI—CONSUMER AND MARKETING RESERVES

"SEC. 1101. (a) Effective only with respect to the 1974 through 1977 crops of wheat, corn, grain sorghum, barley, oats, rye, cotton, and soybeans, the third sentence of section 407 of the Agricultural Act of 1949, as amended, is amended by striking out the third proviso (relating to the minimum price at which certain grains in the stocks of the Commodity Credit Corporation may be sold) and inserting in lieu thereof the following: '*And provided further*, That the Commodity Credit Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, rye, or cotton, respectively, at less than 135 per centum of the established price applicable by law to the current crop of any such commodity, or any of its stocks or soybeans at less than 150 per centum of the current national average loan rate for such commodity, adjusted (in the cast of all such commodities) for such current market differentials reflecting grade, location, and other value factors as the Secretary determines appropriate, if the Secretary determines that the sale of such commodity will (1) cause the total estimated carryover of such commodity at the end of the current marketing year for such commodity to fall below six hundred million bushels in the case of wheat, forty million tons (collectively) in the case of corn, grain sorghum, barley, oats, and rye, 5 million bales in the case of cotton, or one hundred and fifty million bushels in the case of soybeans, or (2) reduce the stocks of the Commodity Credit Corporation below two hundred million bushels in the case of wheat, fifteen million tons (collectively) in the case of corn, grain sorghum, barley, oats, and rye, 1.5 million bales in the case of cotton, or fifty million bushels in the case of soybeans; and in no event may the Corporation sell any of its stocks of any such commodity in any marketing year at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, whenever the total estimated carryover of such commodity in such marketing year is in excess of the amount specified for such commodity in clause (1) above.'

"(b) Notwithstanding any other provision of law, whenever, for any marketing year, 'the Secretary estimates that the carry-over stocks of wheat will be less than six hundred million bushels, the carry-over stocks of feed grains will be less than forty million tons, the carry-over stocks of cotton will be less than 5 million bales, or the carry-over stocks of soybeans will be less than one hundred and fifty million bushels, the Secretary is authorize and directed to make available loans and purchases (1) to producers participating in the wheat, feed grain, or upland cotton programs, as the case may be, at not less than 100 percent of the established price for such commodity for the 1974 crop and at not less than 90 percent of the established price for such commodity for the 1975–1977 crops years and (2) to producers of soybeans on a comparable basis. As used in the preceding sentence, the term "feed grains" means corn, grain sorghum, barley, oats, and rye.'

"(c) (1) Effective only with respect to the 1974 through 1977 crops of wheat, corn, grain sorghum, barley, oats, rye, cotton, and soybeans, whenever the Secretary of Agriculture finds that the combined domestic requirements and export sales of any such commodity threaten to reduce the carryover of such commodity at the close of the marketing year for such commodity below the level specified for such commodity in clause (1) of the third proviso of the third sentence of section 407 of the Agricultural Act of 1949, as amended, he shall designate such commodity as a 'critical' commodity for the current marketing year, and thereafter, during such marketing year, no person may export any such commodity from the United States without an export license issued by the Secretary of Agriculture authorizing the export of such commodity by such person.

"(2) The Secretary of Agriculture shall require each person licensed to export any critical commodity to report daily all bona fide export sales of such commodity.

"(3) The Secretary of Agriculture is directed to maintain a weekly projection of foreign sales and domestic requirements in relation to available supplies for each designated critical commodity. Except for sales made to friendly countries under the Agricultural Trade Development and Assistance Act of 1954, at any time that the projected carryover stocks for any commodity in any marketing year fall below the level specified for such commodity in clause (1) of the third proviso of the third sentence of the Agricultural Act of 1949, as amended, the Commodity Credit Corporation may not, so long as the stocks of such 'critical' commodity remain below such level, sell any of its stocks of such commodity for export for less than 120 per centum of the weekly average cash price of the commodity in Chicago, Kansas City, and Minneapolis markets in the immediately preceding week, except that in the case of cotton, the minimum price at which such commodity may be sold shall be 120 per centum of the weekly average cash price in the designated spot markets reported by the U.S.D.A. in the immediately preceding week. None of the stocks of any commodity designated as a critical commodity under this section may be sold by the Commodity Credit Corporation to any buyer for domestic utilization unless such buyer agrees, in such manner as the Secretary of Agriculture may prescribe, that any stocks of such commodity sold to him will not be exported.

"(4) Whenever the projected carryover stocks of any commodity fall below the level specified for such commodity in clause (1) of the third proviso of the third sentence of the Agricultural Act of 1949, as amended, no quantity of such commodity may be exported to any foreign country in an amount that would result in total export sales to such country (from the United States) during such year in excess of 120 per centum of the amount of export sales of such commodity to such country (from the United States)

in the preceding marketing year, unless the Secretary of Agriculture specifically approves the export of such quantity to such country.

"(d) The Secretary is authorized to issue such rules and regulations as he deems necessary to provide for the effective administration of this section.

"(e) In determining the quantity of carryover of any commodity at the beginning of or during any crop marketing year and the quantity of any commodity owned by the Commodity Credit Corporation, there shall be included any quantity of such commodity contained in the disaster reserve inventory maintained under the provisions of section 813 of this Act.

"(f) There is hereby authorized to be appropriated such sum as may be necessary to carry out the provisions of this section."

NOTICE OF HEARINGS ON GOVERNMENT PROCUREMENT AND USE OF DRUGS

Mr. NELSON. Mr. President, the Subcommittee on Monopoly of the Select Committee on Small Business will resume its hearings on Government procurement and use of drugs.

The hearings will be held on February 20 and 21 in room 6202 of the Dirksen Senate Office Building and on March 5 and 6—room to be announced.

The hearings will begin each day at 10 a.m.

NOTICE OF CONTINUATION OF HEARINGS

Mr. MUSKIE. Mr. President, on February 21 and 22, the Subcommittee on Intergovernmental Relations will continue its hearings on the impact of the energy crisis on State and local governments.

These particular hearings will focus on the economic effects of energy shortages on the States and localities.

The hearings will begin at 10 a.m. in room 3302 of the Dirksen Senate Office Building. Anyone wishing to testify should contact Mrs. Lucinda Dennis at extension 5-4718.

NOTICE OF WITNESSES TO TESTIFY AT HEARINGS ON LEGISLATION TO CREATE A DEPARTMENT OF ENERGY AND NATURAL RESOURCES AND AN ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

Mr. RIBICOFF. Mr. President, the Subcommittee on Reorganization, Research, and International Organizations of the Committee on Government Operations will hold hearings on February 26 and February 27 on S. 2135, a bill to create a Department of Energy and Natural Resources, and on S. 2744, a bill to create an Energy Research and Development Administration and a Nuclear Energy Commission. The hearings are scheduled for 10 a.m. in room 3302, Dirksen Senate Office Building.

Roy L. Ash, Director, Office of Management and Budget, and William E. Simon, Deputy Secretary of the Treasury and Administrator of the Federal Energy Office, will testify on February 26. The witnesses on February 27 will be S. David Freeman, Ford Foundation energy policy project; Joseph Fisher, president, Resources for the Future; and Arthur Maass, professor of government, Harvard University.

ADDITIONAL STATEMENTS

J. MARK TRICE: A TRIBUTE

Mr. BUCKLEY. Mr. President, the retirement of Mark Trice at the end of last year marked the end of an era in the U.S. Senate. For 53 years he served the Senate in important capacities, ending his career as Secretary to the Minority. In a city that has a superabundance of institutions, Mark Trice is a rarity: a living institution whose 53 years of service to the Senate and to this country are all but unique in their dedication and devotion to duty.

Like most freshmen Senators, I benefited from his wisdom and his guidance when I first began the difficult adjustment of entering into important and, to a newcomer, often very confusing duties of a U.S. Senator. His guidance, his understanding and his knowledge of the Senate helped to make my first few months of adjustment easier to bear and the rest of my time until his retirement more efficient and more pleasant. I, for one, shall always be grateful to him for the understanding and kindness that made my own transition from citizen to Senator so much easier than it might otherwise have been.

In this city of monuments, perhaps the most lasting monument is that which exists in the hearts of those who remember a person who has really made a real difference, for the better, in their lives. Mark Trice is such a person.

LEAA HALTS BEHAVIOR MODIFICATION FUNDING

Mr. ERVIN. Mr. President, on Thursday of last week, Donald Santarelli, Director of the Law Enforcement Assistance Administration, made what I feel is a very important announcement. To quote Mr. Santarelli:

> I am forbidding the use of LEAA funds for medical research, behavior modification, and chemotherapy because there are no technical and professional skills on the LEAA staff to screen, evaluate, or monitor such projects.

Mr. President, on many occasions I have expressed my concern that the many forms of behavior therapy funded by the Federal Government raise questions with respect to basic human freedoms, individual privacy, and self-determination. For well over a year, I have been concerned that LEAA was funding such programs in the absence of any substantial standards and review. I have long been of the opinion, particularly with regard to biomedical and behavioral research which can so drastically affect the lives of individuals, that when such research is conducted under the aegis of the Federal Government, it should be subjected to the most rigorous review in order to protect the basic constitutional rights of persons affected by such research.

It goes without saying that medical research has had profoundly beneficial effect on mankind. It must continue to do so, and individual researchers must be enthusiastically encouraged to make the kinds of breakthroughs essential to the advancement of medicine. Moreover, riots and violent crime remind us time and again that our understanding of human behavior is far from adequate. Sociological and psychological research can help us better to understand and perhaps even prevent such terrifying and destructive disturbances in the future.

Nevertheless, biomedical and behavioral researchers in many parts of the country are going ahead with projects that raise some of the most fundamental moral and ethical questions that we have ever faced. We are at an exciting point in the history of the medical and behavioral sciences. The cover story of a recent issue of Time magazine, for example, described the future of research into the brain as a new frontier comparable to that faced by the 15th century explorers. All of this comes at a time when basic questions concerning the sanctity of an individual's personality remain to be answered. Until these questions have been answered, and until strict and comprehensive mechanisms guaranteeing informed consent and the individual privacy, self-determination, and dignity of human subjects of experimentation have replaced the Federal Government's present slipshod methods of funding such projects, such experimentation should be halted.

The announcement by LEAA was especially gratifying to me because it came 4 weeks after I sent a detailed, 6-page inquiry to LEAA expressing my concern that LEAA's review structure was woefully inadequate. I was particularly concerned about one especially disturbing grant request under consideration from the center for the study and reduction of violence at UCLA. Among other things, the UCLA center grant request describes proposed testing of electrophysiological methods of remote control of an individual's behavior by computer. As I mentioned in the letter, information I have received "indicates that programs are being contemplated for the center that raise profound moral and constitutional questions, and it would be extremely desirable for LEAA to conduct a comprehensive review and evaluation of the projects under consideration." I further expressed my view that "LEAA ought to consider a moratorium on the further use of its funds for these purposes until it develops guidelines at least as comprehensive as those under consideration by Congress and HEW." I am pleased LEAA has accepted my suggestion.

Earlier this year Senator KENNEDY's human experimentation bill passed the Senate as title II of H.R. 7724. Senator KENNEDY's bill would establish a Human Experimentation Standards Board within HEW. The function of the board would be twofold: First, it would develop strict ethical guidelines pertaining to biomedical and behavioral research; and, second, it would establish and oversee the operation of a review structure in HEW set up to apply these principles to research projects. In the meantime, HEW itself has been working on a variety of meas-

ures designed to strengthen its existing departmental guidelines. Although I believe that there are some fundamental weaknesses in the HEW measures, I feel that this action, along with the legislation introduced by Senator KENNEDY, constitutes a substantial step toward the protection of human rights affected by biomedical and behavioral research.

As significant as these measures are, however, they fall short of solving the overall problem. As the action by LEAA indicates, though HEW conducts a large percentage of the medical research conducted by the Federal Government, it by no means conducts all of it. The Bureau of Prisons, the Defense Department, and the Veterans' Administration, just to name a few, all conduct substantial amounts of research on human beings. It is my firm belief that strong ethical guidelines should be applied to all federally funded research. H.R. 10573, introduced by Congressman PREYER of my home State of North Carolina, would establish an independent national commission, similar to that established within HEW by Senator KENNEDY's bill, but whose jurisdiction would include all federally funded projects. Mr. President, I see the enactment of such across-the-board protection of human research subjects as a high-priority matter for congressional action.

In the meantime, it is high time we found out about how many and what kinds of biomedical and behavioral research projects involving human subjects are now being conducted under Federal auspices and just what review procedures and protections for individual rights are provided. LEAA found the answers to such questions sufficiently difficult, or perhaps embarrassing, so that it terminated its involvement in such research altogether.

Now let us ask the Bureau of Prisons, the Veterans' Administration, and all other Federal agencies involved in such research similar questions. As part of a comprehensive investigation of federally funded biomedical and behavioral research on human subjects, the Constitutional Rights Subcommittee, which I chair, is in the process of doing just that.

Mr. President, there is presently a great deal of activity in the field of human experimentation. I feel that we have come a long way toward protecting human rights in the face of our burgeoning biomedical and behavioral research capabilities. But we have a long way to go. We must establish a framework within the Federal Government whereby all federally funded research projects are subjected to rigorous standards both with respect to the propriety of the experiments themselves, and with regard to the rights of individuals affected by such experiments.

Mr. President, I ask unanimous consent that the attached correspondence with LEAA and two newspaper articles describing the LEAA decision to cease funding biomedical and behavioral research be printed in the RECORD.

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

COMMITTEE ON THE JUDICIARY, SUBCOMMITTEE ON CONSTITUTIONAL RIGHTS,
Washington, D.C., March 22, 1973.

Mr. JERRIS LEONARD
Administrator, LEAA
Washington, D.C.

DEAR MR. LEONARD: It has come to my attention that the California Council on Criminal Justice is planning to contribute funds to a project to be managed by the University of California which will investigate violent behavior. The project will involve the use and development of psychological techniques to identify and treat aggressive behavior. In relation to this project, I would appreciate a response to the following questions dealing with the Law Enforcement Assistance Administration's role:

1. To what degree does LEAA fund the California Council on Criminal Justice? Has LEAA specified the use of funds by CCCJ for a study of violent behavior research? May the funds given the Council be spent on projects not approved by or reported to LEAA? If so, may the Council legally spend the unspecified funds on violent behavior research?

2. Does LEAA have copies of the California Council's study proposal? Please send copies of this proposal. Has LEAA reviewed and approved this project? Will any of the work in the project be performed by Dr. William Sweet, Dr. Vernon Mark, or Dr. Frank Ervin?

3. Does the LEAA fund other projects which involves violent behavior research such as the California project or the $100,000 study which was conducted last year by Dr. Frank Ervin and others in several prisons to identify a classification system for violent offenders? Please send copies of any projects involving violent behavior research being funded by LEAA. If LEAA is funding projects for violent behavior research please send copies of procedures concerning conduct and reporting by those projects.

4. Does the LEAA have guidelines for projects it funds employing human subjects? Please send copies of any such guidelines.

Thank you for your cooperation.

With kindest wishes,

Sincerely yours,

SAM J. ERVIN, Jr.,
Chairman.

LAW ENFORCEMENT ASSISTANCE ADMINISTRATION,
Washington, D.C., April 6, 1973.

Hon. SAM J. ERVIN, Jr.,
Chairman, Committee on the Judiciary, Subcommittee on Constitutional Rights, U.S. Senate, Washington, D.C.

DEAR CHAIRMAN ERVIN: This is in response to your recent letter concerning the possible funding by the California Council on Criminal Justice of a study investigating violent behavior.

We have been informed that an application proposing a project of the general nature you have described is being prepared by the California State Department of Health and Welfare for submission to the California Council on Criminal Justice. You will hear from us again just as soon as we have the information upon which to base a reply.

Sincerely,

DEAN POHLENZ,
Assistant Administrator.

LAW ENFORCEMENT ASSISTANCE ADMINISTRATION,
Washington, D.C., May 10, 1973.

Hon. SAM J. ERVIN, Jr.,
Chairman, Subcommittee on Constitutional Rights, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your letter concerning Law Enforcement Assistance Administration funding of programs for the investigation of violent behavior. The following paragraphs refer to the corresponding numbered paragraphs of your letter:

PARAGRAPH 1

a. *To what degree does LEAA fund the California Council on Criminal Justice?* LEAA annually awards block grants to the individual states for the improvement of their criminal justice systems. The CCCJ is the criminal justice planning agency for the State of California and has received approximately $56 million in planning and action block grants for fiscal year 1973.

b. *Has LEAA specified the use of funds by CCCJ for a study of violent behavior research?* No such use of funds by CCCJ was specified.

c. *May the funds given the Council be spent on projects not approved by or reported to LEAA?* The award of block grant action funds is contingent upon the review and approval by LEAA of a state's annual comprehensive criminal justice plan, and these plans include all major programs and the projects of which they consist. Any project not included in an approved plan is subject to LEAA review and, as a matter of practice, is normally the subject of coordination between LEAA and the respective state planning agency during its formulative stage.

d. *If so, may the Council legally spend the unspecified funds on violent behavior projects?* Special measures have been taken to assure that medical research projects, including violent behavior research, will receive individual and prior approval by LEAA. The requirement for such approval is set forth in paragraph 26 of the LEAA Guideline Manual for Planning and Action Grants, the pertinent page of which is attached. (Attachment A). More specific and restrictive guidelines concerning the use of LEAA funds for such projects are under consideration.

PARAGRAPH 2

a. *Does LEAA have copies of the California Council's study proposal?* An application for block grant funds in the amount of $750,000 for a project entitled Center for the Study and Reduction of Violence has been submitted to the CCCJ by the California State Health and Welfare Agency and a copy was received by LEAA's Regional Office in San Francisco on April 25, 1973.

b. *Please send copies of this proposal,* Copies of the proposal are attached. (Attachment B).

c. *Has LEAA reviewed and approved this project?* The proposal has not yet been reviewed by LEAA. At the April 27th meeting of the CCCJ, the California State Attorney General recommended that the Council appoint an advisory committee to hold public hearings on this proposal and that LEAA be represented on that committee.

PARAGRAPH 3

a. *Does LEAA fund other projects which involve violent behavior research such as the California project or the $100,000 study which was conducted last year by Dr. Frank Ervin and others in several prisons to identify a classification system for violent offenders?* No projects similar to the California proposal or to that conducted by Dr. Ervin are being funded by LEAA.

b. *Please send copies of any projects involving violent behavior research being funded by LEAA.* LEAA's regional offices and the state planning agencies of each of the states are being queried concerning such projects. You will be furnished this information as soon as it is available.

c. *If LEAA is funding projects for violent behavior research, please send copies of procedures concerning conduct and reporting by those projects.* Reporting procedures for violent behavior research projects being funded by LEAA grants would be similar to reporting procedures for other LEAA funded projects. In the case of projects supported by

discretionary funds, grantees are required to submit quarterly narrative and financial reports to LEAA. Copies of the Discretionary Grant Progress Report Form and the reporting instructions are attached. (Attachment C). Reporting procedures for projects supported by subgrants from block grant funds are prescribed by the state and normally consist of semi-annual narrative and financial reports. In addition, LEAA requires the states to include in their annual plan progress reports of those projects funded during the prior year.

PARAGRAPH 4

a. *Does LEAA have guidelines for projects it funds employing human subjects?* Yes, such guidelines are included in the LEAA Guideline Manual cited in answer to 1.d. above.

b. *Please send copies of any such guidelines.* A copy of the pertinent page from such guidelines is attached. (Attachment A).

Your interest in this matter and the programs of the Law Enforcement Assistance Administration is greatly appreciated. You will hear from me again just as soon as the additional material mentioned in paragraph 3.b. is available.

Sincerely,

DONALD E. SANTARELLI,
Administrator.

LAW ENFORCEMENT ASSISTANCE ADMINISTRATION,
Washington, D.C., June 14, 1973.

Hon. SAM J. ERVIN, Jr.
Chairman, Subcommittee on Constitutional Rights, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your letter concerning Law Enforcement Assistance Administration funding of programs for the investigation of violent behavior.

Our regional offices, and through them each of the state planning agencies, have been queried regarding violent behavior research projects. The seven projects which have been identified as falling within this category are listed on the attached page and additional information on each project is enclosed. Four of the projects are supported by LEAA discretionary grants and three are supported by subgrants from state planning agencies using LEAA block grant funds.

None of the seven projects involve any type of psychosurgery or the use of experimental drugs. Two of the projects reflect some degree of clinical treatment methodology.

The project entitled Research—Penal Population, Grant Number 70-A-152-24, a neurological research grant to the University of Puerto Rico by the Puerto Rico Crime Commission, utilizes two types of drugs both of which are approved and authorized by the Puerto Rico Department of Health. There is no surgery involved and a special condition to the grant requires emphasis on the recognition of the individual human rights of the participants.

The project entitled Planning for the Treatment of the Repetitive Violent Offender, Grant Number 73ED-05-0005, supported by a discretionary grant to the Illinois Department of Corrections, also contains a clinical treatment component, although the project is still acquiring data for analysis. Dr. Frank Ervin, mentioned in your letter, is participating in the research but only as a consultant and only for ten days.

Please let me know if you wish us to furnish additional information.

Sincerely,

DONALD E. SANTARELLI,
Administrator.

VIOLENT BEHAVIOR RESEARCH PROJECTS SUPPORTED BY LEAA FUNDS

A. DISCRETIONARY GRANT PROJECTS

1. Planning for the Treatment of the Repetitive Violent Offender. Grant Number 73ED-05-0005 (a copy of the grant application is enclosed).

2. Multi-state Treatment of Special Offenders. Grant Number 72Ed-01-0010 (a copy of the grant application is enclosed).

3. Assault on Police. Grant Numbers 72-DF-06-0053 and 73-TA-06-0004 (a copy of the grant application is enclosed).

4. Reducing the Incidence of Violence. Grant Number 73ED-05-0009 (a copy of the grant application is enclosed).

B. BLOCK GRANT PROJECTS

1. Research—Penal Population. Grant Number 70-A-152-24 (a copy of the progress report is enclosed).

2. Early Prevention of Individual Violence. Grant Numbers 1-J1-460 and 2-J1-993 (copies of four progress reports are enclosed).

3. The Prediction of Violence. Grant Number DS-306-72A (a summary of the project is enclosed).

JANUARY 14, 1974.

Mr. DONALD E. SANTARELLI,
Administrator, Law Enforcement Assistance Administration, Washington, D.C.

DEAR MR. SANTARELLI: On March 22 of last year I addressed an inquiry to your office concerning LEAA funding for violence studies and behavioral research. I was particularly interested in information pertaining to the Center for the Study and Reduction of Violence at UCLA. Your responses were most informative, and your cooperation is appreciated.

Since that time I have received additional information and have had an opportunity to digest the material you sent in response to my earlier inquiry. The use of human subjects in biomedical and behavioral research raises several fundamental constitutional and ethical questions, and I believe LEAA must develop guidelines adequate to protect fully the constitutional rights of the subjects of LEAA-funded research in these areas. Of particular concern is a lack of needed supervision of biomedical and behavioral research projects that receive funds indirectly from LEAA through the Block grant system.

Since last March a great deal of information pertaining to the UCLA Center has come to my attention. Much of this information indicates that programs are being contemplated for the Center that raise profound moral and constitutional questions, and it would be extremely desirable for LEAA to conduct a comprehensive review and evaluation of the projects under consideration. In light of my concern, I would appreciate your response to the following questions:

1. In your letter of May 10, you mentioned that "the award of Block grant action funds is contingent upon the review and approval by LEAA of a state's annual comprehensive criminal justice plan, and those plans include all major programs and the projects of which they consist. Any project not included in an approved plan is subject to review and, as a matter of practice, is normally the subject of coordination between LEAA and the respective state planning agency during its formulative state."

Does LEAA have any guidelines pertaining to what is to be included in a state's comprehensive criminal justice plan? Specifically, what guidelines insure that descriptions of individual plans will be included and that these descriptions will be comprehensive? What measures are taken to insure that plans not included in a state's annual report will subsequently be reviewed by LEAA to provide that plans not subject to prior coordination with LEAA are sufficiently reviewed thereafter?

2. In your response you mention that "special measures have been taken to assure that medical research projects, including violent behavior research, will receive individual and prior approval by LEAA." Are there additional measures other than those specified by paragraph 26 of the LEAA Guideline Manual? If so, would you please describe these special measures in as much detail as possible. You also mentioned that "more specific and restrictive guidelines concerning the use of LEAA funds for such projects are under consideration." What progress has been made in the development of more restrictive and specific guidelines since last May? Please include copies of all drafts that may have been produced pertaining to these additional guidelines.

3. In paragraph 2 of my March 22 inquiry, I asked whether Dr. William Sweet, Dr. Vernon Mark or Dr. Frank Ervin will perform any of the work in the UCLA project. Though your response went into considerable detail, a specific reply to this question was omitted.

I understand that Drs. Sweet and Ervin are both now associated with the neuropsychiatric institutes of UCLA, and that their work with violence reduction is closely aligned with the types of projects to be conducted at the Center for the Study and Reduction of Violence. Their work in the past has raised some questions with regard to the constitutional rights of the subjects of their experiments. Though none of their names appear in the curriculum vitaes section of the most recent grant request for the UCLA Center, I note that Dr. Ervin's name appears several times in the original version of the grant request. Will Drs. Ervin, Mark or Sweet be associated in any capacity with the Center for the Study and Reduction of Violence at UCLA? Are they associated in any capacity with any other LEAA-funded studies?

4. What action has been taken since May concerning LEAA funding for the California project? I understand that LEAA has submitted the California proposal to the Department of Health, Education and Welfare for its opinion as to the validity of the project. I also understand the committee to review the LEAA proposal is co-chaired by Drs. Frank Ochberg and Saleem Shah. Who are the other members of the committee? Will the decision of the committee be binding as far as LEAA is concerned? Will the decision be based on the applicability of the California proposal to HEW guidelines concerning research on human beings?

Dr. Ochberg was formerly director of the California regional office of NIMH. Was he associated in any way with the formulation of plans for, or the operation of, the Center for the Study and Reduction of Violence. Dr. Shah is presently the Director of the National Center for the Study of Crime and Delinquency, an agency in NIMH. Was he involved in any way with the formulation of plans for the Center? Will the grant be reviewed by any persons who have not had prior close connection with research into violent behavior?

If the decision of the committee is not to be based on the applicability of the proposal to HEW guidelines concerning human experimentation, what criteria will be used to determine whether or not the proposal contains adequate guarantees of the protection of the rights of human subjects to be used in the experimentation conducted by the Center?

5. You mentioned in your response that a copy of the grant request for the UCLA project was received by your San Francisco office on April 25, 1973. My initial inquiry was dated March 22. Is there any correlation between the receipt of the block grant request by LEAA and my inquiry? Specifically, would the grant request for the UCLA Center normally have been received by LEAA in Washington and subject to its review? What mechanisms other than paragraph 26 of the LEAA guideline manual are provided to insure that medical research requests for funding derived from LEAA block grants receive prior individual review and approval? What

guidelines are used in the determination of a project's validity? What guidelines does LEAA use pertaining to the proper derivation of true informed consent from subjects of LEAA-funded medical research projects? What is LEAA's policy toward psychosurgery and aversion therapy? Are anectine, prolixin, thorazine, cyproterone acetate, or any emetics ever used in connection with LEAA-funded medical research projects?

6. On page 20 of the copy of the grant request for the California Center you included in your response of May 10, there is reference to the use of various California facilities in the development of "treatment models designed to ameliorate or supplant the expression of violent behavior." Among the centers to be used are Atascadero State Hospital, Camarillo State Hospital, and the California Medical Facility at Vacaville. Please enclose a complete listing of all such facilities that will be used in the testing of programs developed at the Center for the Study and Reduction of Violence.

Exactly what types of programs are to be tested at these satellite institutions? For each institution, please describe in detail the programs to be conducted. Will psychosurgery or any experimental surgery of any type be conducted at these institutions? Will aversion therapy in any form be tested? Will such biological techniques as hormone therapy be tested? What degree of control does LEAA have over these satellite programs? To what specific reporting requirements are these peripheral programs subject? Is it possible that plans formulated at the Center for the Study and Reduction of Violence which are unacceptable to LEAA could actually be executed at other institutions under the supervision of individuals that originally developed the plans under LEAA grant? Are individuals that conduct experimentation under LEAA funding subject to any contract or binding promise with regard to maintaining high ethical standards in the conduct of their experimentation?

For each of the outside facilities to be used in the program, has specific official permission been granted by the respective heads of the institutions? Please supply copies of all correspondence pertaining to the derivation of that permission.

7. Your follow-up letter concerning LEAA-funded violence study projects other than that at UCLA was received by the subcommittee on June 14. In that letter you included copies of progress reports relating to the three block grant projects mentioned. According to paragraph 26 of the guideline manual, the block grant projects should have received individual prior approval from LEAA. Were specific grant requests for these subgrant projects received by LEAA prior to the beginning of the experiments? What was the nature of LEAA's approval of these projects, i.e., was the approval tacit or expressed, and was the approval based on individual grant requests? If the approval was not based on individual grant requests, please explain the process that was used. If it was based on the original grant requests, please enclose copies of the formal requests.

8. Is Dr. Frank Ervin presently associated in any capacity with project no. 73-ED-05-0005, "Planning for the Treatment of the Repetitive Violent Offender," at the Illinois Department of Corrections? The grant request specifies that the "immediate result of this planning effort would be a precisely detailed document which would concern itself with (a) the selection process, (b) the treatment program, and (c) the evaluation procedures." Has a preliminary draft of this document been produced? If so, please include copies of all such drafts. In the letter received on May 10, you indicated that projects conducted under discretionary grants must submit quarterly narrative and financial reports to LEAA. Would you please include copies of these reports for this and the other three violence studies (project nos. 72-ED-01-0010, 72-DF-06-0004, and 73-ED-05-0009) conducted under discretionary grants that you mentioned in your letter.

9. In the June 14 letter you referred specifically to grant number 70-A-152-24, a neurological research grant to the University of Puerto Rico. You mentioned that the project utilizes two drugs approved by the Puerto Rico Department of Health. What are the names of these drugs and exactly what are they used for? Are the two drugs approved by the Food and Drug Administration? Due to a clerical error, the progress reports that were originally submitted to us have been misplaced, and information concerning these drugs may have been included in those reports. Would you please send additional copies of the reports along with any reports received since June 14, and the grant requests mentioned in question 7. If specific information concerning the drugs is not included on the reports, please elaborate.

You also mentioned that "a special condition to the grant requires emphasis on the recognition of the individual human rights of the participants." What exactly is that special condition, and how is it enforced?

10. On page 5 of the original version of the grant request for the California Center dated September 1, 1972, it says that—

"It is even possible to record bioelectrical changes in the brains of freely moving subjects, through the use of remote monitoring techniques. These methods now require elaborate preparation. They are not yet feasible for large-scale screening that might permit detection of violence-predisposing brain disorders prior to the occurrence of a violent episode. A major task of the Center should be to devise such a test, perhaps sharpened in its predictive powers by correlated measures of psychological test-results, biochemical changes in urine or blood, etc."

From the most recent version of the grant request, I quote page 19:

"Studies of abnormal electrical activities within the brain, involving various forms of brain diseases and brain lesions, will be carried out in the neurological and physiological laboratories to clarify their relationships to various types of violent behavior. The subjects of such studies will include hyperkinetic children and individuals who have committed aggressive or violent sex crimes."

And from a memorandum dated March 29, 1973, concerning plans for a program to be conducted at the Atascadero State Hospital under the auspices of the Center for the Study and Reduction of Violence:

"Within our electrophysiological laboratory we presently have the capability of (1) programming the presentation of a wide variety of audio-visual stimuli, with concurrent recording of (2) heart rate, both directly and in beats per minute, (3) galvanic skin response, (4) changes in ——— volume, (5) electromygraphic response, and (6) alpha and beta brain waves. We are presently in the process of developing portable bio-feedback devices which can be used for self-monitoring in vivo."

Are any studies presently being conducted under block or discretionary grants that are concerned in any capacity with telemetry and electrophysiology as they relate to the identification and control of certain types of behavior? Ars. Drs. Barton L. Ingraham or Gerald W. Smith conducting projects under LEAA grants?

Needless to say, research programs such as those described above raise important questions which must be resolved both by LEAA and Congress. There is a serious issue of whether the federal government should be in a position of financing programs posing such extraordinary challenges to human freedom and dignity at all. Certainly LEAA ought to conduct a most searching inquiry before committing its funds to such a project, whether by discretionary or block grant. If, after such inquiry, LEAA were to support such projects, it ought first to develop stringent and exacting requirements for the control and maintaining of these experiments.

As you are aware, HEW and the Congress are now subjecting the question of federal financing of human behavioral research to close scrutiny. A series of guidelines on the ethical and administrative standards have been developed both in legislation and in regulations. I believe that LEAA ought to consider a moratorium on the further use of its funds for these purposes until it develops guidelines at least as comprehensive as those now under consideration by Congress and HEW. These guidelines should provide for specific approval by a special committee on research and ethics within LEAA and the Administrator's Office of any project, whether funded by block or discretionary grant, in the field of human behavioral research. These projects also should be subject to close institutional control and review and to prior approval by local, ethical committees as well.

I know that you appreciate the extreme importance of the questions raised by these projects. While I am aware that the questions I have asked will require a substantial amount of work, I believe that the subject matter's importance well justifies the burden.

With kindest wishes,

Sincerely yours,

SAM J. ERVIN, Jr.,
Chairman.

[From the New York Times, Feb. 15, 1974]

UNITED STATES BARS CRIME FUND USE ON BEHAVIOR MODIFICATION

(By Lesley Oelsner)

WASHINGTON, February 14.—The Government today banned any further use of Federal anti-crime money for behavior modification, calling a halt of the programs it has funded for the systematic manipulation of the behavior of inmates, juvenile offenders and alcoholics.

It also banned the use of Federal anti-crime money for psychosurgery, medical research and chemotherapy.

The ban, effective immediately, was announced this afternoon by Donald E. Santarelli, administrator of the Law Enforcement Assistance Administration. It means that prisons and other institutions now using L.E.A.A. funds for such things as neurological research and drug experimentation will have either to cease operations or to find other funding.

The ban does not mean a total halt to the use of behavior modification in law enforcement. It applies only to funds provided by L.E.A.A., and while the Federal agency is considered a prime source of money in this area a number of other agencies, both state and local, have also financed behavorial programs.

The agency's funding in the last three years has included $130,000 in grants to the University of Puerto Rico for neurological research into the correlations between criminal behavior and brain damage.

USE WITHIN STATES

A study by The New York Times has found that behavior modification has become an increasingly important and controversial—law enforcement tool in recent years.

At least one state prison system has been injecting misbehaving prisoners with a drug that produces vomiting, for instance. At least two states apply electric shock to male sex offenders, particularly child molesters, in an attempt to change their behavior by focusing their attractions on a more "suitable" subject, adult women.

"This is going to be one of the trends

of the future," said Al Bronstein, director of the national prison project of the American Civil Liberties Union Foundation. Both Mr. Bronstein and Diane Bauer of the Children's Defense Fund contend that unless abuses of behavior modification in the law enforcement area are stopped, there will be abuses later involving hyperkinetic children and the elderly.

L.E.A.A. funding in the last three years has included $130,000 in grants to the University of Puerto Rico for neurological research into the correlation between criminal behavior and brain damage.

The Puerto Rican project states that once sufficient data and "expertise" are acquired a "prospective community search can be made looking for young individuals who may suffer from undiagnosed cerebral or neurological pathology which may contribute, or in some manner be significantly associated, with criminal behavior."

BEHAVIOR OF SOCIOPATHS

Other projects funded by the agency range from a drug experimentation program in Chilicothe, Ohio, in which drugs were given to inmates in an effort to alter the "institutional behavior and adjustment patterns" of sociopaths, to a manuscript on the issue of "whether there are certain kinds of human behavior which the criminal law cannot coerce."

The Law Enforcement Assistance Admininistration also gave a Pennsylvania correctional institution funds for a behavior modification program for youthful offenders, "based on Dr. B. F. Skinner's reinforcement principles," in which a reinforcer, or reward, is given at each stage at which a subject produces the specified behavior.

Mr. Santarelli, whose agency was created to provide Federal funding to state and local criminal justice agencies under President Nixon's anticrime program, did not describe or mention any of these programs in his announcement today.

He said simply that a staff review had disclosed that a "number" of L.E.A.A.-funded programs "may involve medical research, medical experimentation or behavior modification."

He also said that "to the best of our knowledge," his agency had not funded any psychosurgery—a process in which tiny portions of tissue deep in the brain are destroyed through surgery, electricity, radiation or ultrasound to erase symptoms of otherwise uncontrollable behavioral and emotional disorders.

According to Mr. Santarelli, psychosurgery is "so fraught with peril and uncertainty" as not to be "appropriate" for the agency's funding. The other types of projects are now being banned, he said, because the agency does not have the "technical and professional skills" needed to "screen, evaluate, or monitor such projects."

KEY TOOL OVER NATION

Investigation by The New York Times over the last two weeks has found that behavior modification—whether through psychological techniques based on principles such as the Skinner "reward" theory or through psychological methods combined with drugs or electric shock—has become a significant tool in American law enforcement.

On the Federal level, in addition to L.E.A.A.-funded programs, the Bureau of Prisons has or is planning a number of projects that, according to its director of mental health programs, involve "principles of behavior modification." The National Institute of Mental Health, a part of the Department of Health, Education and Welfare, is funding several behavioral modification programs for juveniles.

Several states also employ behavior modification in their prison systems. At least two—Wisconsin and Connecticut—use electric shock treatments in an effort to alter behavior patterns of sex offenders.

The Connecticut program has been in operation for about six months; Wisconsin's, since 1967. In Wisconsin, male inmates who agree to participate are given what officials there describe as an "uncomfortable" shock from a one-and-a-half-battery cell in an effort to transfer their feelings of sexual attraction from children to adults.

In Connecticut—where officials describe the shock as "mild" and combine it with hypnosis—the inmates are given the shocks as they watch slides of children.

IOWA SYSTEM UPSET

Some states have also used "aversive" drugs, on a smaller principle: to associate an unpleasant sensation with behavior that is deemed unacceptable.

The United States Court of Appeals recently ruled that the aversive drug program of the Iowa prison system was cruel and unusual punishment and thus unconstitutional under the Eighth Amendment—overruling the trial court, which had simply dismissed the inmates' complaint.

The Iowa program, according to the appeals court involved a drug called apmorphine that was injected without their consent into inmates who violated prison behavior rules.

"When it was determined to administer the drug," the court wrote in its opinion, "the inmate was taken to a room near the nurses' station which contained only a water closet and there given the injection. He was then exercised and within about 15 minutes he began vomiting. The vomiting lasted from 15 minutes to an hour. There is also a temporary cardiovascular effect which involves some change in blood pressure and 'in the heart.' This aversion type 'therapy' is based on 'Pavlovian conditioning.'"

The court did not totally ban the treatment, however. It said that the lower court should enjoin the use of the drug except when the treatment was authorized by a doctor and given with the written consent of the inmate after he had been advised of his right to end it at any time.

INCREASE IN CRITICISM

As the use of behavior modification techniques in law enforcement has grown, so have the criticism and concern. Prisoners rights groups and civil liberatians—as well as some law enforcement officials and doctors—have questioned both the propriety and the efficacy of such projects.

A major issue has been whether inmates can ever give a truly informed "consent" to such procedures, in view of the fact that inmates may believe that they will improve their chances for early parole if they cooperate with prison officials' requests to participate in a special program.

Other concerns include the lack of appropriate guidelines for such projects and the incomplete state of the science.

Some critics have flatly rejected the concept of using behavior modification—whether purely psychological or whether combined with drugs or shock—in law enforcement. But others have taken a less stringent view, saying that behavioral modification, if properly used on truly consenting persons, may in fact help prisoners escape long prison terms.

L.E.A.A. says it cannot provide any estimate of either the amount of money it has spent or the number of projects it has funded on behavior modification.

A request for such information by The Times two weeks ago was answered by the agency yesterday with a computer read-out of some 400 projects that it said "might" somehow be connected to behavior research.

From a preliminary review of this read-out, as well as of some grant applications and reports on other projects specifically identified by The Times for L.E.A.A., it was possible to pinpoint at least about $1.5-million spent on projects involving behavior modification.

Asked how the agency would halt currently operating projects covered by the ban when it did not know what those projects were, a spokesman said that "some of the details have to be worked" but that there would be a "careful screening" by agency headquarters here and by its regional offices.

[From the Los Angeles Times; Friday Feb. 15, 1974]

MIND CONTROL STUDIES WILL LOSE FUNDING

(By Robert A. Jones)

WASHINGTON—The Law Enforcement Assistance Administration Thursday cut off the funding of programs that seek to alter the behavior of criminal offenders through brain surgery, drug treatment or a process called "aversion therapy."

LEAA Administrator Donald E. Santarelli described the behavior modification programs as "fraught with peril." He said all future requests for funding of such programs would be referred to the Department of Health, Education and Welfare.

The fund cutoff also applies to any LEAA programs that engage in medical research for law enforcement purposes, Santarelli said.

The LEAA directive exempted from the ban programs which are "generally recognized" as "not subjecting the patient to physical or psychological risk." The directive listed methadone maintenance and certain alcoholism treatment programs as examples of exempted techniques.

The funding cutoff appears to terminate the plans of several neurophysiological centers that had advocated experimental treatment of prison inmates found guilty of violent or sex-oriented crimes.

One of the most controversial programs has been the proposed Center for the Study and Reduction of Violence at UCLA, which the California arm of the LEAA agreed "in principle" to fund in July, 1973.

In his proposal to the California Council on Criminal Justice, Dr. Louis J. West, who had been chosen to head the center, said it would conduct "studies of abnormal electrical activities within the brain (which) will be carried out in the neurological and physiological laboratories: to clarify their relationship to various types of violent behavior.

"The subjects of such studies will include hyperkinetic children and individuals who have committed aggressive or violent sex crimes."

Although in later testimony before the state Senate Health Committee West denied that he planned to use psychosurgery on his subjects, plans for the center raised a storm of protest from civil rights groups and public officials.

Last month, Sen. Sam J. Ervin Jr. (D-N.C.), chairman of the Senate Judiciary Committee's subcommittee on constitutional rights, questioned approval of the center by the LEAA and said the medical techniques "raise profound moral and constitutional questions."

A spokesman for the LEAA in Sacramento said that Thursday's directive "sounds like it will kill the idea for the center."

The LEAA cutoff leaves the possibility, however, that funding for such programs could be obtained through the National Institute of Mental Health, a division of the Department of Health Education, and Welfare.

Advocates of behavior modification programs claim such treatments would enable some repeated criminal offenders to be released into society, thereby reducing the cost to governments of long prison terms.

"Aversion therapy" seeks to program offenders away from violence by punishing them with electrical shocks or very loud

noises immediately after they have been stimulated into violent moods by therapists.

Various civil rights groups protested the techniques, claiming they could lead to behavior control on a wider scale. The Children's Defense Fund, which has led the fight against the programs, applauded the LEAA ban but said, "We will continue to monitor government projects of this kind, particularly those funded by the National Institute of Mental Health."

IT'S A NAME IN THE NATION

Mr. BEALL. Mr. President, I recently received a letter from Mr. Lloyd I. Tilghman of Suitland, Md., who will be celebrating his 78th birthday on February 25, 1974. Mr. Tilghman has continued to remain active in his retirement years and one of his activities is poetry. He enclosed with his letter a copy of a poem he has written entitled "It's a Name in the Nation". This poem reflects the positive and healthy attitude Mr. Tilghman has assumed towards his status as a senior citizen.

Mr. President, I ask unanimous consent that the poem entitled "It's a Name in the Nation" by Mr. Floyd I. Tilghman of Suitland, Md., be printed in the RECORD.

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

IT'S A NAME IN THE NATION

(By Lloyd I. Tilghman)

Senior citizens is a name
That God gave us to wear
We trod along the elder path
As if no one were there

Sometimes we need a cane or crutch
Or even a wheel chair
We give each other a helping hand
And other things we share

Senior citizens is a name
We'll all share some day
Age has no limit course
It spreads out every way

Our name will always be the same
Our age they call it old
We count the days as they go by
Up to a hundred fold

Senior citizens is a name
That time can only tell
Something that God gave us to wear
A name we love so well

Sometimes we're called old timers
We answer to our name
God gave us the time and age
Old folks are not to blame

Senior citizens is a name
In a class of its own
God gave it to us to keep
Year after year its grown

We have a union of our own
It moves on slow with care
Its called the senior citizens
We meet year after year

Senior citizens is a name
We earn from year to year
It's sometimes we're proud to be
That God gave us to share

Now we bend our knees and say
Thank God for what he has done
It was a happy day for us
Each and every one

We trod along the outer path
The hurried pass us by
We take our stride step by step
No other way to try

When we are parting
You will always hear us say
God bless us senior citizens
Each night and every day.

FOOD ADDITIVES

Mr. NELSON. Mr. President, on December 20, 1973, I introduced a bill (S. 2845) to require testing of food additives to determine whether they cause birth defects—mutagenesis—or genetic damage—teratogenesis. Based on information we had at that time, the introductory remarks stated that one widely used preservative, butylated hydroxytoluene—BHT—an antioxidant, had been banned in Britain.

We have received new information from the British Food Standards Division of the Ministry of Agriculture, Fisheries and Food, outlining the present status of BHT and BHA—butylated hydroxyanisole—another antioxidant, in Britain.

The British Embassy, in a letter to us, February 5, 1974, writes:

When the regulations (governing food additives) were reviewed in 1963, the Food Standards Committee recommended that BHT (but not BHA) should be withdrawn from the list of permitted antioxidants because it was thought that the margin of safety was less than for the other permitted antioxidants. However, in subsequent supplementary reports this recommendation was revised and its continued use was permitted. There were, however, certain continuing doubts about the significance of observed liver enlargements in test animals receiving low doses of BHT. These doubts were almost entirely resolved as a result of further consideration by our Expert Advisory Committee and this was dealt with in a supplementary report issued in 1971. This report recommended the continued use of BHT.

Our Expert Advisory Committee are at present engaged in a full review of the 1966 regulations. This will involve consideration of all the available toxicological data (including the recent Russian evidence on BHA examined at the Geneva meeting of the Joint FAO/WHO Expert Committee on Food Additives, held last year) on all the permitted antioxidants including BHA and BHT. The report of our Expert Committee will eventually be published, together with the toxicological evaluation, towards the end of this year.

The Food Research Institute at the University of Wisconsin advises us:

Our own studies show that monkeys metabolize the antioxidants as man does, not like rodents. We have been unable to demonstrate harm from feeding BHA and BHT to adult and infant monkeys.

The Joint FAO/WHO Expert Committee on Food Additives recently shifted BHA and BHT from permanent to "temporary" status as regards an acceptable daily intake—ADI. The committee, in a report, said recent evidence indicates—

Possible effects on reproduction in the rat, when BHA, alone or with propyl gallate, is mixed with lard in the diet.

The "temporary" status for acceptable daily intake on these additives was made, pending further studies of the effect on reproduction of BHA, used alone or in mixtures.

Scientists at present clearly disagree on the safety of these additives, which points to the need for further study and testing, such as would be required under S. 2845.

LEFTOVERS FOR LATIN AMERICA

Mr. BENTSEN. Mr. President, I want to take this opportunity to bring to the attention of the Senate the meeting of United States and Latin American foreign ministers which will take place next week in Mexico City. This occasion is portentous not only for the future of hemisphere relations but also for the direction of U.S. foreign policy toward Latin America and indeed toward the rest of the developing world. When Secretary of State Kissinger travels south to this foreign ministers summit, he and his counterparts will face a full and diverse agenda. Mr. President, this is an extraordinary opportunity for the United States to bring our Latin American policy into step with the times. This is a chance we must not miss for a new beginning in our relations with our Latin neighbors, a beginning that will eschew the rhetoric of the past, that will scrap the sloganeering and will substitute some substance. In his first—and last—major address on our Latin American policy, back in 1969, President Nixon said there should be "fewer promises and more action" vis-a-vis the Latins. At that time I applauded what appeared to be a new dimension in U.S. foreign policy, an awareness of the importance of Latin America to the United States and a desire to replace empty promises with more substantive and meaningful cooperation to face the rapidly developing problems of the hemisphere.

But words have not been followed by action or commitment. This auspicious beginning turned out to be the last landmark of Presidential interest in the area and President Nixon's intention of visiting Latin America before the end of 1973 has gone by the wayside.

Statements of good intentions are not enough; reiteration of tired old slogans is not enough; benign neglect is not enough. Problems that are not necessarily of our making but for which we have offered no real solutions are creating points of friction between us. And new political and economic trends are emerging in Latin America which require a rethinking of some of our traditional policies toward that area.

Secretary Kissinger announced several weeks ago that there would be new initiatives in Latin America. That was a welcome statement and I sincerely hope that these initiatives are forthcoming. Next week's meeting in Mexico provides a perfect forum and I urge Secretary Kissinger to engage in a serious, substantive dialog with his Latin counterparts. We—and they—have had enough rhetoric. Let us now avoid headline-grabbing spurts of diplomacy and start to work hard on problems close to home. A good way to start is by making use of the Mexico City forum for a top-level dialog to agree on common goals for our hemisphere, and to make the necessary commitments to achieve these goals. We meet with the Chinese, the Russians, the Europeans, the Japanese, the Canadians, the Arabs; our neighbors to the

south deserve a place in our foreign policy considerations as well. They deserve to be consulted on their perceptions of hemisphere problems for we have passed the era when the United States could singlehandedly direct the course of this hemisphere.

I urge the Secretary of State as well to develop a policy of aid through trade in Latin America. Foreign aid has not been the panacea for the ills of the developing world and that kind of aid is neither feasible from our own point of view nor always desirable from the recipients' *point* of view. We have talked about generalized trade preferences for too long. Now that such a proposal is included in the trade bill which is pending before the Senate Finance Committee, I am hopeful that action will replace verbiage and Latin America will get the trade preferences it so urgently needs.

We also need to clarify the role of private investments in Latin America as well as that of multinational corporations. United States private investment in Latin America has had a far from satisfactory relationship with host governments and resentment has smoldered in Latin countries over the domination by U.S. investors and their political influence in the countries where they operate. Imposition by Latin nations of higher taxes on corporate enterprise, restrictions on American companies and investments, and nationalization of U.S. companies without compensation have discouraged much-needed investment and technical expertise. It is time to reexamine these policies and formulate a code of conduct for responsible international companies, setting forth the rights and responsibilities of a company in the country where it operates, and making clear provision for the resolution of disputes.

We should review our Cuba policy and move toward normalizing relations with Cuba and I urge Secretary Kissinger to discuss this move, which I suggested last year, with his Latin colleagues. In view of our new attitude toward the Soviet Union and the People's Republic of China, consistency demands a similar posture toward our closest neighbor.

If we learned anything from our experience with China, we learned that 20 years of noncommunication and isolation handicapped us as well as the Chinese. We learned that we cannot afford to live in ignorance of any other nation in this shrinking world. We cannot afford to close our eyes and our minds to the existence of any nation simply because we do not fully support its policies. Clearly we have more to gain from talking with people than from ignoring them.

In addition to the trade benefits and access to Cuba's sizable deposits of important raw materials, improving relations with Cuba would demonstrate a new political maturity in the United States; a willingness to respect differences among peoples; and a realization that Latin America is seeking to fulfill its destiny in its own way.

As the people of Latin America strive toward this goal, they need our cooperation, our understanding and our support. Now when the need for coordination of effort is greater than ever, let us renew our commitment to strive for a new spirit of hemispheric cooperation, for development and progress and for a partnership to shape the future of our nations.

Our backs have been turned on Latin America for too long. From the time of the Monroe Doctrine, 150 years ago, we have viewed Latin America as our own special preserve. We have come to take it for granted. In recent years, we have lost track of what Latin America means to us, not just strategically and economically, in terms of trade and raw materials, but also as a hemispheric neighbor and a growing member of the community of nations with problems and potentials we cannot afford to ignore.

We have a unique opportunity next week in Mexico City to reassert our role as good neighbor to a continent that is threatened with instability, overwhelmed by problems of widespread poverty and illiteracy, soaring birth rates, rampant disease, and high mortality rates. If we can demonstrate our capacity to work with our nearest neighbors in a spirit of true partnership, we will have laid the foundation for dealing with similar problems elsewhere. We have at our door in Mexico City an opportunity to establish a precedent for international cooperation and it is an opportunity we cannot afford to lose.

CATERPILLAR

Mr. PERCY. Mr. President, on February 5 I had the pleasure of attending a breakfast in the Capitol hosted by the Caterpillar Tractor Co. Senator STEVENSON and other Senators and staff members were also present.

The Caterpillar story, as outlined by Chairman William Franklin and President Lee Morgan is certainly impressive. Caterpillar sales, exports, employment, and favorable contribution to the U.S. balance of payments were all up in 1973. In fact, for the first time in its history, Caterpillar's net favorable contribution to the U.S. balance-of-payments account exceeded $1 billion.

Caterpillar's record in international markets is particularly impressive. In 1973, Caterpillar had over $1½ billion in sales outside the United States, of which better than $1 billion resulted from direct U.S. exports. Caterpillar's international activities have not been at the expense of reduced domestic activities but rather have resulted in increased domestic employment, investment, and sales. As Mr. Franklin pointed out at the breakfast:

> In 1950, our employment was almost 25,000. 7,500 of those jobs were dependent on exports. In 1973, U.S. employment exceeded 59,000, and of that number, 40 percent or over 23,000 jobs are dependent on the business generated by our exports.

Mr. Franklin outlined his attitude to international trade policy by saying:

> On the basis of our experience and analysis, we are convinced that the people of the various countries in which we do business have much to gain and little to lose by following the practice of free trade as opposed to the protection of domestic industries.

Mr. Morgan addressed himself to the pending trade legislation in the Senate. He feels that on balance the House-passed trade bill is sound legislation that will continue to encourage U.S. growth and progress. The one area of the trade bill that Mr. Morgan had some question about was the section denying most-favored-nation tariff treatment to nonmarket economies. He expressed the hope that means other than the Trade Reform Act could be found to accomplish the ends desired. Mr. Morgan also made a strong statement on behalf of freer trade.

Mr. President, the Caterpillar story is one that demonstrates that an American corporation, soundly managed, can aggressively and successfully compete in world markets, with benefits for company and country alike.

Mr. President, I ask unanimous consent that the remarks delivered by Mr. Franklin and Mr. Morgan, as well as a statistical sheet on Caterpillar's activities be printed in the RECORD.

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

CATERPILLAR TRACTOR CO.,
Peoria, Ill.

(Remarks by Lee L. Morgan)

We can't emphasize enough the direct positive relationship between the trade volume increase from 1950 through 1973, and its effect on our U.S. employment, the expansion of our U.S. facilities, and the favorable balance of payments contribution.

We believe the Trade Reform Act, as passed by the House, is good, sound, and reasonable legislation, and will continue to encourage U.S. growth and progress. We are convinced that the provisions of the bill addressing tariff and NTBs, adjustment assistance for affected workers, and consideration of tariff preferences for developing countries will continue the hard-won progress in improving world economic relationships. A relationship that we have benefited from, both for ourselves and the nation.

To continue the world movement toward freer trade, U.S. representatives in Geneva at the GATT negotiations need the mandate found in the trade reform bill for improving trade agreements and removing unnecessary restrictions on world commerce.

However, we find ourselves in support of those who believe it unfortunate that the House selected this vehicle for expressing disapproval of Soviet emigration practices. While we sympathize with and understand the intent of Congress in this regard, we hope that other ways can be found to communicate this concern.

Over the past several administrations, companies like ours have been encouraged to explore business opportunities within Eastern Europe and the U.S.S.R. This was consistent with the foreign policy objectives of the United States. We support the view that trade with the East can also lead to improved long term political relationships.

Restraining the President from granting MFN to non-market countries discriminates against imports from nations with whom the United States is attempting to improve relationships. However, we suspect that the greater effect will be on exports to the U.S.S.R. rather than sharply increasing our imports from her.

As you know, the House-passed Trade Reform Act would also deny Eximbank credits on U.S. exports to the Soviets, and to all other Eastern European countries (excepting Poland and Yugoslavia). We believe that if this provision is retained in its present form by the Senate, it will severely discourage sale

of U.S. goods to the U.S.S.R. . . . leaving that vast market to other trading nations, such as Japan and Western Europe, which support their exports with their own development banks.

As I stated at the outset, we recognize the position taken by those who favor sanctions against the U.S.S.R. for the manner in which she treats her people; namely restricting the free emigration of her Jewish population and certain intellectuals. It is also compatible with our history and tradition that the United States be concerned with the treatment of people, regardless of the segment of the world community they represent.

Our observations are that, if possible, means other than the Trade Reform Act should be found to accomplish these ends.

Therefore, we raise the question as to whether these limitations on trading with the Soviets could be softened, or whether a common ground of compromise could be found.

Bill Franklin started our presentation with the observation that we have had the good fortune of being a successful exporter. We believe that the continuation of this success is in large measure depending on the kind of trade bill Congress approves.

Our experience clearly indicates that we have not succeeded at the expense of American jobs or investment in the U.S. Rather, we are part of the free trading community that produces contributions for home and host countries alike.

I believe that the whole question of free trade versus protectionism must recognize that the crux of all trade is its multilateral, reciprocal basis. In order to sell products abroad, goods and services must be bought from others in exchange . . . a free and flexible economic exchange between nations. We believe this can best be achieved through a strong United States position at the GATT discussions. Negotiations based on a positive trade measure that does not restrict America's ability to compete in world business.

We hope that our remarks have been helpful in your understanding of Caterpillar's philosophy and practice of multinational business. As you deliberate such matters as the Trade Reform Act and multinational corporations, please call on us should you find that some of our experiences would be helpful.

Gentlemen, we invite and welcome your questions and observations.

CATERPILLAR TRACTOR CO.

(Remarks by William H. Franklin)

Good morning! I'm Bill Franklin. Senator Percy—Senator Stevenson—other members of the Senate—and guests—on behalf of my Caterpillar associates, I welcome you to this breakfast meeting.

We're honored to meet with you this morning to compare thinking on subjects in which we have real mutual interest.

Caterpillar, as you know, is an American-based multinational corporation. A company that has had the good fortune of becoming one of the country's largest exporters. Among our aims today is to review for you our foreign trade experience—especially our experience in 1973 which was, in fact, our very best year. For the first time in our history, Caterpillar sales resulting from U.S. exports exceeded $1 billion.

Regarding trade, we seek your support—and the support of your colleagues—for the Trade Reform Act which has been passed by the House and sent to you for your deliberation.

But, before we address this subject, I suggest that we have breakfast. Please join me!

With me today are Company officers that have responsibility for areas directly related to our multinational operations, and others who have the responsibility of representing the Company in public and governmental matters.

I would like to introduce them to you:

Bill Naumann, Vice Chairman.

Lee Morgan, President.

Virgil Grant, Executive Vice President.

Bob Gilmore, Executive Vice President.

Chappy Chapman, Vice President.

Roger Kelley, Vice President—who, I note, some of you already know—from his tour of duty in the Defense Dept.

Ed Schlegel, Vice President.

Byron DeHaan, Public Affairs Manager.

Bill Dronen, Governmental Affairs Manager.

Henry Holling, Governmental Affairs.

I wonder if I could call on our co-hosts—Chuck Percy and Adlai Stevenson—for their comments before we make our presentations.

Although my remarks will be brief, I intend to comment on Caterpillar's 1973 results and to trace our growth both at home and abroad. In doing this, we will emphasize what we believe to be the impact of our operations on the U.S. economy. Our main objective is to encourage your passage of a trade reform bill that will set the stage for multilateral reduction of trading restraints.

Before you is our newly published 1973 Annual Report. You are among the first to receive a copy. I will make references to information contained in this report throughout my remarks.

1973 was a good year for Caterpillar. For the first time our sales exceeded $3 billion. This is an increase of 22% over 1972.

Our 1973 record was the result of a number of factors, not the least of which was a relatively favorable business climate in the U.S. The Congress and the Administration deserve a good share of the credit for improving the U.S. business climate; I'm talking here about such things as the realistic devaluation of the dollar, the investment tax credit, and a pace of inflation that although exceedingly high is still lower than that experienced by practically all the world's industrialized nations. Such things are vitally important to us as we compete in world markets from U.S. bases.

Cooperation between government and business to build a strong economy is, in our opinion, generally good—and should be jealously protected. Our system is the envy of the world.

But let me turn now to our 1973 results—and more important, their impact on U.S. jobs and the U.S. economy.

Of our more than $1½ billion in sales outside the United States in 1973, better than $1 billion resulted from U.S. exports. In short, sales outside the U.S. represent almost half—49.7%—of our total business. And two-thirds of that foreign business resulted from U.S. exports.

The aggregate flow of funds into the United States from these exports—plus dividends, license fees, interest, and other income from our foreign investments—exceeded the outflow of funds by slightly over $1 billion for the year, and thus represents a favorable contribution to the U.S. balance of payments in that amount.

In fact, for the ten years 1964–1973, Caterpillar's contribution toward a more favorable balance of payments has totaled $6.4 billion.

It is with satisfaction that we look at our country's 1973 balance of payments ledger. And, in 1973, the U.S. experienced a trade balance that was once again in the black. Accounting for over 1% of all U.S. export volume, we at Caterpillar are proud to have been able to make a contribution to this result.

Caterpillar's growth has not been limited to sales volume alone. In fact, as our overseas investments have increased, and international trade grown, Caterpillar employment in the U.S. has also increased. Let me explain how this took place.

Beginning after World War II, it became increasingly apparent that we and our dealers outside the United States could not compete by marketing only U.S.-manufactured products. If we wanted to retain existing markets and expand them, it was essential to establish production in other countries.

Some of you, I am sure, will remember the so-called "dollar gap" which developed just after World War II. This "dollar gap," particularly in Great Britain, made it impossible for the users of our product there to import replacement parts from the U.S. It soon became obvious that to protect our customers it was necessary to manufacture parts and later machines in Great Britain.

So, we set up our first facility abroad—a parts distribution center in Leicester, England. Two other British plants followed later. As a result, two things happened. First, we were able to maintain and expand our market position in Britain through the sale of British-made Caterpillar products. The second result was when the "dollar gap" eased there was a phenomenal jump in the sale of American-made Caterpillar products in the British market. This was brought about as British customers purchased British-made Caterpillar products, and then desired to purchase companion Caterpillar products made in the U.S.

In 1950, the year we began operations there, our exports to Britain were $2.3 million. In 1973, our exports to Britain were $46.7 million.

This experience in Britain is duplicated in each of the other countries where we have established a manufacturing plant. In every case we have established that plant only because it became obvious that we could not reach those markets with U.S. exports, and in every case where we have established such a plant—from one in 1950 to 11 plants in 10 countries in 1973—our U.S. exports to that country have shown a remarkable increase.

Thus, rising foreign business has been a major cause for substantial expansion of our U.S. facilities and employment.

In 1950, we had two U.S. plants occupying 5½ million square feet of manufacturing space—an investment of $57.5 million. In 1974, we have 14 plants occupying almost 20 million square feet of manufacturing space, and when added to our other U.S. facilities represents an investment exceeding $647 million. We also have under construction what we have been told is the largest manufacturing plant being built in the U.S. today. In addition, we have a plan for the next five years that would result in additional capital expenditures of nearly $2 billion for expanded manufacturing facilities. The great majority of this will be in the U.S.

This expanded investment in the United States is a major result of our multinational operations.

In 1950, our employment was almost 25,000. 7,500 of those jobs were dependent on exports. In 1973, U.S. employment exceeded 59,000, and of that number, 40% or over 23,000 jobs are dependent on the business generated by our exports.

As you can see, our decision to do business abroad actually increased our domestic operations. Actually, for every dollar invested abroad, we've invested in excess of $4.50 in this country.

We believe the evidence is clear. It shows that establishment of plants in other countries has helped us increase U.S. exports, U.S. employment, and bring other contributions to the U.S. economy.

Inserted in your copy of our 1973 Annual Report is a sheet of statistics which document this growth.

On the basis of our experience and analysis, we are also convinced that the people of the various countries in which we do business have much to gain and little to lose by following the practice of free trade as opposed to the protection of domestic industries.

And yet, even with this experience, efforts to curtail the overseas operations of companies like Caterpillar continue.

Challenges are coming from several directions.

Proposals have been offered to change tax and depreciation rules for American-owned affiliates abroad. At present our affiliates operate on a basis no better, and sometimes worse, than their competitors in the host countries where they are located. New restrictions and heavy taxes would make us less competitive with our aggressive trading partners.

Proposals to end the credit and deferral provision in the present tax system would be quite unfair to American business. No country taxes unremitted earnings of foreign affiliates of their corporations. In fact, France and Italy, plus 22 other countries, do not tax foreign source income at all.

Unfortunately those who hold to the view that overseas investment is responsible for economic ills at home have proposed an extensive system of government restraints on new investments along with penalties on existing ones. These restraints would be accompanied by a gird of controls of international trade.

Frankly, these kinds of responses to trade cause us a great deal of concern, not only because of what it could do to Caterpillar, but more importantly, what it could do to our country. It may well have been this kind of response in the late 1920's and in the 1930's that played a part in plunging the world into economic depression

We certainly do not want that to happen again. However, proposals to place quotas on foreign imports, restrict types of American exports related to energy concerns—such as mining exploration and extraction equipment—and artificially protect domestic industry, are before you today. Restrictions that could cause international retaliation.

Turning to another subject—that of the "energy dilemma." The current deep and sober concern with the energy crisis serves as another example of how critics of free world trade can develop the wrong answers for the right questions.

To pay for our country's increased imports of scarce fuels—a price tag that reached $8 billion last year and could exceed $40 billion by 1980 at present prices—we need to fortify and increase the export business of the United States. And yet, there are legislative suggestions that would, in fact, place limitations and quotas on the export of U.S.-made machinery and at the same time place limits on foreign imports.

To insure that the commercial sector will be equal to the challenge of the energy we need to encourage the freer and more open exchange of commodities and services between nations—not restrict it.

Still another factor in the complex issue of trade is the world monetary system. We believe that the progressive improvement in world trading relationships will result from a more flexible monetary system—a system whereby exchange rate adjustments keep trade on a more realistic and balanced basis.

We encourage continued efforts to improve the functioning of the international monetary system, recognizing that the end purpose of this monetary system is not money itself, or the preservation of historic parties; rather its basic function is to facilitate trade and investment among nations.

Since President Nixon's action in August 1971, various measures have brought the dollar into a more realistic relationship with other currencies. As a result our products are now more competitive abroad.

We have touched only the surface of issues in which we have mutual interest, ranging from a multinational corporation's involvement in the world marketplace to the passage of a progressive trade reform measure.

To add to these observations, we call on Caterpillar President Lee Morgan. Following Lee's remarks, we are anxious to receive your comments and reply to your questions.

CATERPILLAR TRACTOR CO. SENATE BREAKFAST, FEB. 5, 1974

EXHIBIT I—TOTAL SALES

[In millions of dollars]

	Inside United States	Outside United States	Total
1950	$244	$93	$337
1973	1,601	1,581	3,182

EXHIBIT II—GROWTH OF EXPORT BUSINESS

[Sales resulting from U.S. exports]

1950	$93
1973	1,040

EXHIBIT III—EMPLOYMENT

	Total U.S. employment	Employment dependent on exports
1950	24,746	7,480
1973	59,017	23,000

EXHIBIT IV—U.S. BALANCE OF PAYMENTS CONTRIBUTION

[In millions of dollars]

1950	$94
1973	1,012
1964–73	6,400

EXHIBIT V—NUMBER OF PLANTS

	United States	Overseas
1950	2	1
1973	14	11

EXHIBIT VI—CATERPILLAR EXPORTS TO COUNTRIES WHERE MANUFACTURING FACILITY ESTABLISHED

[In millions]

Britain:	
1950	$2.3
1973	46.7
Brazil:	
1954	10.0
1973	81.1
Australia:	
1954	10.0
1973	39.6
France:	
1960	7.6
1973	40.2
Japan:	
1963	1.9
1973	52.9
Belgium:	
1965	3.2
1973	29.0

ABA COMMITTEE RELEASES REPORT ON SEPARATION OF POWERS

Mr. ERVIN. Mr. President, the importance of the constitutional separation of powers between the three branches of Government never has been more evident than it is today. Recent events have brought the issue sharply into focus and into the view of the entire Nation. Today, Members of Congress, public officials; scholars, the public, the media, all are pondering its meaning and how this principle upon which our Government is founded may be preserved.

The Senate Subcommittee on Separation of Powers, which I have the honor to chair, has devoted its entire efforts to a study of this question, and I believe, through its investigations, hearings, and reports, has contributed much to a better understanding of the constitutional issues and has sought to find remedies for some of the damage that has been done to our system of checks and balances.

Today, I should like to take note of the work being done by the American Bar Association in this area, through its Administrative Law Section Separation of Powers Committee. That committee, with Prof. John L. Fitzgerald of the Southern Methodist University Law School as chairman, has published its 1972–73 report and recommendations.

Mr. President, I ask unanimous consent to have printed in the RECORD the ABA committee's report and a resolution of the Section of Administrative Law as adopted by the ABA House of Delegates.

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

[Administrative Law Review, Summer 1973, Volume 25, No. 3]

1972–73 REPORT OF THE SEPARATION OF POWERS COMMITTEE [1]

1. SUMMARY OF RECOMMENDATIONS

The Committee recommends that a procedure be established by the Office of Management and Budget of the Executive Office of the President, and by the Congress, for the drafting of more definitive standards to be contained in federal legislation. Such procedure would provide for coordinated review of proposed substantive and procedural provisions of legislation—most of which is proposed by the federal administrative agencies—in an Office of the Department of Justice, and in an Office or Offices of the Congress, to assure that Congress does not delegate unlawfully its legislative power in such statutes, and to this end assure that more precise statutory standards shall replace the vague definitions and other indefinite substantive and procedural directions now being enacted into federal statutes that form the bases of administrative policy, quasi-legislative, quasi-judicial and administrative.

The Committee offers the following recommendations:

2. RECOMMENDATIONS

(1) That the President of the United States designate the Department of Justice to review (and when appropriate to such review perform a drafting function) and report to the Office of Management and Budget within 30 days with respect to the constitutional sufficiency of each legislative proposal initiated by the Executive Branch, an instrumentality thereof, or any independent administrative tribunal or independent regulatory board or commission, hereinafter "administrative agency," and particularly whether such proposal sufficiently sets forth standards for exercise of the powers, functions and duties proposed to be delegated by the Congress to the administrative agency. Such report should be in writing and should be transmitted to the Congress with the legislative proposal of the administrative agency. The Office of Management and Budget should withhold its concurrence in any such legislative proposal until it receives the Department of Justice report. Circular No. A-19

Footnotes at end of article.

of such Office should be revised appropriately to effectuate this recommendation.

(2) That the Congress or each House thereof establish an officer or offices that shall review, draft and report with respect to the constitutional sufficiency of each legislative proposal initiated by an administrative agency, and particularly with respect to the sufficiency of the standards set forth therein for the exercise of the powers, functions and duties proposed to be delegated by the Congress. Should establishment of such an office not be feasible, the responsibility otherwise to be vested in such office should be vested in Committee Counsel. The required report should be in writing and, together with the Department of Justice report transmitted with the legislative proposal, should be included with each bill reported by a Committee to the floor for consideration by the members of the Senate or House. The inclusion of such reports, providing evidence of constitutional compliance should be required upon risk of a point of order being made by any member to the consideration of the bill.

3. REPORT

Need for recommendations

Previous Administrative Law Section Committee reports relevant to the delegation of legislative power in Federal administrative agency statutes were made as follows: Report of the Separation of Powers Committee, 1972 (the 1972 report of this Committee was distributed to the Council but otherwise was unpublished, under the recent Council policy to discontinue publication of the Annual Reports of Committees); Report of the Separation of Powers Committee, 7 Ann. Rep. Com. (Admin. Law Section) 6 (1970); Report of the Separation of Powers Subcommittee, 3 Ann. Rep. Com. 22 (1966); Report of the Committee on Housing and Urban Development, 4 Ann. Rep. Com. 72–85 (1967); Report of the Committee on Housing and Urban Development, 5 Ann. Rep. Com. 111, 115–120 (1968).

We agree with Professor Kenneth Culp Davis that as applied to federal agency statutes "The Nondelegation doctrine is almost a complete failure."[2] A condition should be added—that, as now applied (or not applied), it is a failure.

As the above reports show, Congress has not maintained a position of enacting laws containing clear standards governing administrative rule making and administrative orders. As a result, federal courts are faced with unrealistic alternatives of striking down the law because of constitutional defects or accepting nebulous standards. Past reports of the Committee have furnished examples of the broad legislative delegations of discretion to administrative agencies that result. In view of the Section's and the Association's awareness of their existence, a few illustrations from those reports should suffice. They are contained in Exhibit A attached.

The Committee agrees, however, with Professor Maurice Merrill[3] that most, if not all, of the Supreme Court decisions can be classified by their factual settings or other statutory subject matter, in a manner that leaves the delegation doctrine intact in theory. For example, the Supreme Court has never expressly held that a statute delegating the power to an administrative body to act as it deems fit in the public interest in a given area, such as the licensing of radio communications stations, in the absence of any other "standard," is valid; it may be acknowledged that the Court also has not expressly held that such a delegation would be invalid. The Court has found other statutory provisions which, read "in context" with the phrase "public interest," have supplied the necessary intelligibility and standard.

In practice, however, the Courts tend to refer less frequently to the limiting "context" of the statutes, and accord more apparent acceptance to the "public interest" alone. Through dicta the inference grows that the latter term might carry a meaning of its own.[4]

It must be conceded that the term "public interest" should convey an idea resembling the common weal, the general welfare, and the like. But as an expression of legislative policy, though it may supply an optimum objective, it supplies no clue and no measure of its attainment. The "what" and "why" may be revealed or intimated, but not the "who," "when," "where," and especially the "how." Professor Merrill's article suggests:

". . . the practical employment of the doctrine of standards embodies a number of useful functions. It furnishes guidance for administrators in the application of the statutes entrusted to their care. It affords safeguards against unwarranted enlargement of legislative grants. It focuses attention upon the public objectives of statutes. It limits the extension or discretion as to social policy beyond the approved legislative direction. Judicial enforcement of requirement for standards improves legislative draftmanship. The insistence upon the observation of standards impels exploration by the agencies as to the existence or absence of conditions justifying proposed action. Appropriate standards, of course, are an almost indispensable prerequisite to effective judicial review of administrative action.[5]

On the basis of the past Committee reports of the Administrative Law Section referred to *supra*, the conclusion of the 1971–72 report of this Committee, partially repeated below, bears similarity to Professor Merill's suggestion, and to certain of the conclusions reached by the Senate Subcommittee on Separation of Powers. It also recommends that certain further steps be taken:

"The Administrative Law Section has been concerned for some time about the problem of increasingly vague and indefinite statutes, particularly those conferring discretion upon administrative tribunals, insofar as such laws (1) cause a variance from the intention of the framers of the Constitution, Federal and State, and (2) permit or encourage administrative action that may be arbitrary, capricious, inconsistent or ultra vires, but most difficult to challenge or obtain appropriate judicial review because the statutory measure of validity of the action is obscure.

"A Senate Subcommittee[6] has evidenced its grave concern with the same problem, . . . From the depth of its concern, we may take some hope that Congress *can* cope with the difficult task of drafting broad policy directives. The depth of concern shown by the Senate Subcommittee indicates an interest in undertaking cooperative effort of enacting laws requested by the administrative branch but drafted in a manner preserving the prerogatives and functions of the Congress, the one branch that directly represents the electorate.

"It is suggested that next year's efforts of this Committee be directed toward examination of the tools and methods available that could be of assistance to the Congress in firming up, by more definite statutory standards and procedural provisions, the often indefinite policy objectives appearing in laws delegating power to administrative agencies."

Most of the important legislation Congress enacts is proposed by the Executive Branch, or by the independent regulatory commissions, after clearance with the Office of Management and Budget in the Executive Office of the President.[7] Such proposals nearly always come to Congress in the form of bills, ready for introduction, drafted in the Executive Branch or the independent agencies.

These legislative proposals (including amendments), drafted by officials who will execute them if enacted, are drafted in such manner as they believe is necessary or desirable to deal with a problem. They are drafted without special attention to the inroads the law will make upon congressional powers. That is not the draftmen's problem; administrative flexibility of action ordinarily is sought, and in this sense the executive and regulatory officials, and their attorneys who undertake the drafting of the proposals as their agents, are special pleaders. Their interests, and those of the Congress, can and do clash when the administrative advantages of a flexible statute are weighed in the balance with the legislature's function to enact a law having appropriate standards.

The Office of Management and Budget, Executive Office of the President, is not organized to correct this lack of balance, e.g., to weigh the question of whether appropriate standards are contained in the administrative legislation. The Office's review function is for the purpose of determining whether the legislation proposed by the agency (or the agency comment to Congress on pending legislation) is in accord with the President's overall legislative program. This is a policy function. It would not include the question of breadth, indefiniteness or vagueness of the draft of bill being cleared through the Office for submission to and adoption by Congress.[8]

This is a brief statement of the administrative process in which nearly all important legislation arises that Congress enacts. As constituted, it explains, but offers no practical solution for, the problem.

The legislative process, with one exception, does not focus more specifically on the problem. Legislative proposals of the Administration are enacted without substantial amendment; rarely does the matter of adequacy of legislative standards receive special consideration. Committee hearings, and executive Committee sessions for marking up bills, take or review testimony on broad social and regulatory policies and the need for laws on particular subjects, and some changes are made in the executive sessions to meet stated objections. At times a bill may be referred to Senate or House Legislative Counsel for drafting, or preparation of amendments. In this situation, which is the exception mentioned above, constitutional questions of delegation of legislative power would be considered; and the consideration would be on the part of an *expert working for the legislative branch*. However, the advice of Legislative Counsel may not be sought, or may be received and disregarded, for example, if the advice is received at a late juncture and there is pressure for the legislation. Counsel for Senate and House Committees, on the other hand, are not as a rule charged with this kind of responsibility. Other priorities have primary claim upon their attention.

Thus, (1) most important legislation is initiated by scores of administrative agencies; (2) no coordinated legislative drafting supervision or review is provided for in the legislative branch to give legislative policy direction thereto by establishing statutory standards in the legislation before enactment, and (3) no coordinating legislative drafting and review staff, expert in constitutional matters and particularly those raising doctrinal questions of separation of powers and delegation of congressional power to the administrative branch, functions on an interagency basis at the point where most legislation is initiated and drafted—e.g., the administrative agency. A grap of crevasse proportions exists in the way of accomplishing the foregoing objectives. This report attempts to offer a constructive plan for closing this gap.

Explanation of recommendations

As one member of our Committee remarked in appraising statutory delegations:

Footnotes at end of article.

"just how precise the expression of standards will be may depend on how well thought out the proposed program is," as well as on what compromises and deferrals of decision are thought necessary to get it enacted.

It is hoped that if the Committee's recommended procedure is approved the result will be to force the administrators and the legislators to think out adequately the proposed program before writing it into law. It is the expressed intent of the recommended procedure that the legislative clearance offices in both the Executive Branch and the Legislative Branch, as provided *infra*, be granted all jurisdictional authority necessary to enable them to require the full cooperation of the administrative agency personnel. The administrative agency personnel will have more knowledge of a particular grant-in-aid, administrative, licensing, or regulatory subject involved in proposed legislation than the legislative clearance officials, whose expertness will lie in the fields of legislation and constitutional law. The actual drafting, or drafting revision, required to meet a serious question of delegation of legislative power, cannot be met by the establishment of a relatively disinterested reviewing office alone; or by staffing it with personnel possessing the necessary expertness in the legislative drafting and interpretation and in constitutional law. It will also require the assistance of the administrative agency personnel in suggesting and writing out the appropriate standards.

The Committee contemplates that:

Congress or the Office of Management and Budget should require that an administrative agency (including any Government department, instrumentality of the Executive Branch, independent administrative agency, or independent regulatory board or commission), in connection with any [memorandum] proposal for, or comment recommending, legislation delegating discretionary powers, duties or functions to such agency, which proposal or comment under Committee Recommendation No. 1 at the beginning of this report is filed with the Congress, attach thereto a memorandum as described in the paragraph next following.

A memorandum of the General Counsel of the administrative agency should be required to be filed, as part of the explanation and recommendation that the administrative agency makes to the Congress supporting the need and purposes of the legislation proposed. (A) The memorandum should set forth the General Counsel's opinion that after examining the proposal, he or she has concluded that it contains a sufficient statement of legislative policy and of legislative standards to (1) comply with the intent and purpose of the separation of powers and due process provisions of the Constitution, (2) inform the public of how it affects the public, (3) direct the agency in executing its provisions, and (4) furnish the courts with the criteria necessary to decide whether agency action is unconstitutional as violating the doctrine of separation of powers or improper delegation of legislative power, exceeds its statutory power or constitutes an abuse of its statutory discretion. (B) The memorandum should identify the language providing such standards.

The administrative agency legislative proposal and explanation (including general counsel's memorandum) should be reviewed by an office of legislative review that should be established in the Department of Justice for this purpose exclusively, equipped with skills comparable to those of the staff of the Office of Legislative Counsel, *supra*.

The Office of Management and Budget should withhold its concurrence in the submission of a legislative proposal by an administrative agency to Congress until the Office has received a report in writing from the Office of Legislative Review of the Department of Justice that the four requirements set forth in the above paragraph have been satisfied by the language of such proposal as reviewed or as amended following review. A copy of the report from the Department of Justice shall be transmitted to the administrative agency and shall be attached to the legislative proposal, which it concerns, for transmission to Congress.

Congress should take appropriate steps to require that all bills (including amendments thereto), and particularly those proposed by an administrative agency as herein defined, and independent agencies, boards and commissions, must be reviewed and reported by a legal office of the Congress or of each house thereof, for the compliance with the requirement that the bills (including amendments thereto) contain adequate and intelligible standards. This review should be required following reference of the bill to the appropriate committee, and prior to the holding of committee hearings on the bill, assuring that a report by such administrative office would be available with respect to such legislation under active consideration by Congress.

The review should be assigned by law to a professional office possessing the kinds of skills represented by the Office of Legislative Counsel of the Senate or House of Representatives.[9]

The review should be accomplished in consultation with the Counsel (and his staff) of the Committee or Subcommittee planning to hold hearings upon the legislation. A review memorandum, with suggested staff changes in language of the bill of a *basic nature, due to issues of delegation of legislative power or separation of powers*, should be completed prior to the closing of the hearing record, and preferably prior to the opening of the hearing. Notice should be given the Chairman and other members of the Committee or Subcommittee upon the opening of the hearing, if practicable, of any questions raised, or such substantial changes in the bill suggested, by the Office, and such questions and suggested changes should be made a part of the hearing record unless satisfactorily resolved earlier. If establishment of such an Office is not feasible, it is suggested that Committee Counsel be given this responsibility, together with the necessary authority. Upon the authorization of the Chairman of the Committee, the services of a consultant should be obtained if necessary or desirable in order that Congress (or the administrative agency) may have the benefit of all such legal advice as it may require relating to aforesaid constitutional aspects of the legislative proposal.

Congress should be encouraged to call the General Counsel of the administrative agency or his representative, and the head of the legislative review office of the Department of Justice or his representative, to any hearing held upon the legislative proposal of the administrative agency, for questioning with respect to their expert and professional opinions. It should be understood that such questioning contemplates their appearance as advisers expressing their best opinions to the Congress upon a question of delegation of legislative power and not as advocates of an objective of the administrative agency; and the statement of their opinions should subject them in no manner to administrative reprisal.

Exhibit B, attached, briefly summarizes the German method of dealing with essentially the same problem as is dealt with in this Committee's report.

Exhibit C is a suggested form of resolution for Council adoption if the Council concurs in the Committee's recommendation.

Respectfully submitted.

SEPARATION OF POWERS COMMITTEE,
JOHN L. FITZGERALD, *Chairman*.
RICHARD A. BUDDEKE, *Vice-Chairman*.

Footnotes at end of article.

EXHIBIT A*

In the Demonstration Cities and Metropolitan Development Act of 1966[10] the Government has established a grant program to pay 80% of the cost of Demonstration Cities where: (1) the physical and social problems in the area of the city are such that a program is necessary to carry out the policies of Section 101 (improving the quality of urban life, increasing the supply of adequate housing for low- and moderate-income people, expanding housing, job and income opportunities and combating disease and ill health); (2) the program will contribute to the sound development of the entire city; (3) it will make marked progress in reducing social and educational disadvantages, ill health, and under-employment; (4) it will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost; and (5) such other requirements as the Secretary may establish (Section 103).

Under the Federal Food Stamp Act of 1964,[11] the states are directed to determine the households to be eligible under a plan submitted to the Secretary of Agriculture. The standards are (1) that income be a substantially limiting factor in the attainment of a nutritionally adequate diet; and (2) the setting of maximum income limits which are consistent with those income standards used by the state in administering its federally-aided assistance program.

In the Child Nutrition Act of 1966[12] one program directs the Secretary to encourage the consumption of fluid milk "to the maximum extent practicable in the same manner as he administered the special milk program provided for by Public Laws 85-478. . . ." Under the school lunch program,[13] the Secretary is to aid needy programs, and the schools participating are to be selected by the State Education Agency with first consideration given to (1) "those schools drawing attendance from the areas in which *poor economic conditions exist*," and (2) "those schools in which a substantial portion of the children enrolled must travel long distances daily." (Emphasis supplied.)

Section 15a (3) of the Interstate Commerce Act provides:[14]

"In a proceeding involving competition between carriers of different modes of transportation subject to this Act, the Commission in determining whether a rate is lower than a reasonable minimum rate, shall consider the facts and circumstances attending the movement of the traffic by the carrier or carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, *giving due consideration to the objectives of the national transportation policy declared in this Act*." (Emphasis supplied.)

Professor Joe Scott Morris has recently written:[15]

"So long as judicial review remains a valuable part of the overall administrative process, the question of reviewable standards will be important. Statutes such as the National Environmental Policy Act, with their emphasis on sharing information,[16] coordinating planning efforts,[17] and with instructions that environmental values be considered,[18] can and must play a valuable role, over the long run, in re-orienting the policies of federal agencies. At the same time, they fall short in that they do not lay down clearly reviewable standards, thus encouraging agencies to go ahead with the pursuit of their own self-created policies relatively free of any fear of reversal in the courts.[19] In contrast, the Wilderness Act of 1964[20] and the Wild and Scenic Rivers Act of 1968[21] put a check on the agencies concerned by giving the ultimate decision-making power to Congress and the President."

EXHIBIT B*

Greater attention is paid in Europe to the drafting of laws in a manner calculated to retain the political (policy) decision power and function in the legislature. This may be due in part to the fact that European countries are governed by the code system; perhaps in part due to the fact that they have been in existence much longer and have not grown so rapidly. However, in Europe also there is a sharp awareness of the problem discussed in this report. Just as in this country, there is disagreement as to how important the problem is and how much can be done about it; but more has been done in Europe.

In the Congress most laws originate at the request of administrative agencies, Zinn, How Our Laws Are Made (1967) (Document No. 125, 90th Cong., 1st Sess.), 3–4, who clear their request with the Bureau of the Budget to assure conformity with the overall program of the President, but there is no central administration-wide legal office required to review proposed bills for legality and constitutionality and staffed with experts specializing in the legislative areas under discussion. Bills after they have been introduced are referred to committees of the Senate and House of Representatives having jurisdiction over the subject, which committees have staffs, 2 U.S.C. 72a, of various sizes often very skilled in the subject areas, but not required to possess or exercise the skills under discussion. An act of Congress, 2 U. 271 et seq., provides for special staffs to be headed by Senate and House Legislative Counsel to give aid in drafting public bills and resolutions or amendments on the request of any committee of either House, respectively. There is no requirement that Senate or House Legislative Counsel, each skilled in the area under discussion, review proposed legislation, and there is no uniformity of practice in this regard. The Librarian of Congress is also authorized by 2 U.S.C. § 66(e) to give research help to Congressional committees, but this appears to extend to research and analysis of broad policy areas rather than drafting assistance.

Article 80 of the German Constitution, which is an outgrowth of the experience from preceding decades, in particular from the years of the Hitler regime, requires that the purpose, content and scope of the power and authority delegated must be specified in the law delegating the authority. The German Constitution also provides for separation of powers. While the German Federal Constitutional Court has not required the maximum of possible definiteness to be provided in statutes, and has been liberal in its application of the constitutional provision, it has overturned more statutes for this reason than would appear to be the case in this country. Article 80 is but one application of the broader principle of the Rule of Law contained in Article 20 of the German Constitution: the Executive shall not infringe on citizens' rights without specific authority.

Pre-enactment review

In connection with the first reading of a Bill of the Federal Government (Article 76, paragraph 2, first sentence of Basic Law for the Republic of Germany, 31 May 1971), the Bundesrat will, as a rule, thoroughly examine such Bill as to its legal admissibility, expediency and form. Since the Bundesrat (Council of Constituent States) is composed of representatives of the executive of the Federal States, the administrative experience gained by the Federal States will in this way be made use of for the purposes of the Federal Legislature. Moreover, the Bundesrat, being a permanent organ of the Federal legislature (in other respects being but little comparable to the Senate of the United States), will see to it that a certain continuity is guaranteed.

In Germany there is a Research Service of Parliament manned by an extensive staff, whose activity could include the area under discussion, but it is not called upon frequently in this manner by Parliamentary Committees or Members of Parliament; it stands ready however to examine the constitutionality of a bill upon demand by the chairman of the committee and the members of the committee appointed to report on it. This section gives expert opinions on the policy effect of proposed legislation. There is also a Law Committee which is always brought in by the other committees, when questions of constitutionality or legal principles are raised, upon the request of one representative. While the Law Committee of the Bundestag plays its part in this area, it does not always exercise its function owing to the traditionally heavy work load on the Committee.

The Ministry of Justice and the Ministry of Interior maintain separate staffs which are required to examine all government bills for compliance with Constitutional provisions and other lawful Procedure. This procedure was prescribed by Administrative rule—that every proposed bill be so cleared—in 1950. As late as two years ago, a project group for reform of administration questioned whether greater economy could be realized by having only one of the above departments examine into constitutionality of recommended legislation, but concluded the constitutional questions were so important that two departments should examine them.

The Department of Interior has been involved for historical reasons beginning at the time of Bismarck. Although there may be a rivalry between the departments, one of which in a sense acts as a check upon the other, both departments are the focal point of review in this respect of legislation sponsored by all other departments.

The Ministry of Justice reviews all bills (1) mainly for conformity to constitutional requirements, but also (2) for conformity to general rules regarding the form of statutes and (3) for conformity with existing laws, questions raised by the courts, and questions of basic human rights which engage its attention. The general examination as to other legislation (not constitutional law) is solely a matter for the Minister of Justice. This does not, of course, exclude the possibility that the Federal Minister of Interior may examine an Act or Ordinance as to "simple" law so far as the subjects concerned are such for which the Federal Minister of Interior is specifically competent, e.g., public security and order, establishment of new government offices, etc. But in this respect the position of the Minister of Interior is in no way different from that of other Ministers.

To be complete, a third department giving review to constitutional questions is the Ministry of Finance, when matters such as taxation are involved.

In practice, the Minister of a Department elaborates a bill which he gives to the Minister of Justice for his required review. The bill is also sent to all other Ministers concerned, and particularly the Minister of Interior. If the Minister of Justice, after review under the three tests above, finds the bill satisfactory, he approves it. If either the special division of the Ministry of Justice or of the Ministry of Interior raises a constitutional question, the division official competent to deal with the bill calls his counterpart and advises him (only in cases of conflict would the heads of the Divisions of the two Ministries get into contact with each other); for example, the vagueness of language would occasion such a call. Conferences are then held with the Ministry that drafted the bill. Each bill is accompanied by an explanation which, if clear enough, may be drawn upon to supply guidelines for the bill. Further conferences, at which the representative of the originating Minister presides, and probing by questions the minds of the originating officials for facts, conditions, problems and intentions, should help to furnish common sense solutions. By asking questions it may develop that the department that drafted the bill has concrete ideas of what it wants, but has not written them into the bill, and the Justice representatives will write them in.

There are few cases in which the term "public interest" would not be criticized by the Ministry of Justice as too indefinite, though after an examination of the entire bill it might obtain clarity from other context.

If the Justice and Interior departments are unable to obtain a satisfactory resolution of the questions they raise—they present a common front in 95 percent of the conflicts—according to the Rules of the Cabinet they have a special right to object to introduction of legislation on which they raise a constitutional question. If the cabinet by majority vote supports them, the originating Minister is prohibited from introducing the bill in question. However, in partial testimony to the efficiency of the procedure, it is extremely seldom that the right of objection is resorted to.

If a Minister attempts to coerce staff opinion, staff members are protected in good part by life tenure, only the officials at the top of the staff pyramid being political appointees and removable without reason (but with pensions). It is expected that the staff member will give his opinion and stand by that opinion, at the sole possible disadvantage of loss of opportunity for promotion to a higher position. Such moments of decision also are made more happenstance by the fact that in the usual case the vagueness of language questioned tends to raise constitutional questions of legal doubt, rather than fixed and settled opinions based on actual court decisions; hence amenable to conference give-and-take legislative clarification. It may be added that experts of these two staffs command respect and deference because of their specialized knowledge and administrative stature.

FOOTNOTES

[1] This Committee was originally established in February, 1965, as a subcommittee of the Administrative Process Committee "with the objective of studying vague delegations of authority to administrative agencies and pointing the way towards true standards for the guidance of the agencies, greater intelligence to the general public, and a definite frame of reference for the courts." The Committee's proposed functions included the "study of statutory standards and case law to show, upon an individual agency and comparative basis, the extent of the need for improvement and to make recommendations." It was clear that one objective of the Committee was to delve into substantive standards as applied by agencies and as further amplified by the Courts upon judicial review. 3 A.B.A. SECTION OF ADMINISTRATIVE LAW, AM. REP. COM. 23–24, 30 (1966) (Report of the Subcommittee on Delegation of Powers to Administrative Agencies). The Committee's formation was in partial response to a call by Dean E. Blythe Stason in an address to the Section on August 12, 1963, the substance of which appears in his article, *Research in Administrative Law*, 16 AD. L. REV. 99 (1964). He recommended focusing attention upon the substantive aspects of administrative law, with particular reference to vague definitions in statutes which form the bases of administrative policy, quasi-legislative, quasi-judicial and administrative. He recommended the improvement in precision of existing statutory deficiencies. He specified (at 105) "the special need for standards governing rule making powers, the need for standards

prescribing jurisdictional limits, the factual bases of quasi-judicial decisions, and the need for greater specificity in delegations of authority to attach 'terms and conditions' to official actions." *Id.*, 30.

The views expressed in this report are those of the Committee, and do not reflect the views of the American Bar Association.

[2] Kenneth Culp Davis, *A New Approach to* Delegation, 36 U. CHI. L. REV. 713 (1969).

[3] Merrill, *Standards—A Safeguard for the Exercise of Delegated Power*, 47 NEBR. L. REV. 469 (1968). *See also* Long, *Arbitrary Administrative Decisions: the Need for Clearer Congressional and Administrative Policies*, *Id.*, 459. Examples of Professor Merrill's seven classifications are his first, second and fourth: (1) "specific prescriptions" where "(i)n all these instances, discretion as to policy is completely non-existent. There is no room for administrative adventuring. . . ." Merrill, 480. (2) "Reasonably detailed portraiture of legislative purpose," *Id.*, 480; for example, ". . . whether kerosene oil is safe, pure, luminous and free from objectional substance. . . ." *Id.*, 481. This category includes "public interest" with reference to particular listed factors. (4) "Imprecise words acquiring legal significance" involves "reasonable" as in "reasonable rates," "reasonable profits" or "public health," "public safety," etc. *Id.*, 487.

[4] For example, referring to "public interest" without much reservation, if any, as to the acceptability of the words as a standard, is the recent case of Red Lion Broadcasting Co., Inc. v. FCC, 395 U.S. 367, 377 (1969). See also U.S. *ex rel.* Knauff v. Shaughnessy, 338 U.S. 537 (1950) ("in the interests of the United States" upheld as a statutory standard to bar aliens in a time of national emergency; however, the power of Congress to exclude aliens has always been interpreted as peculiarly broad).

This report deals with Congressional delegations of legislative power only; thus only with Federal cases. In the State courts there is a greater tendency to question broad delegations of legislative power by state legislatures. For example the Texas Supreme Court recently, on a petition for rehearing, granted a writ of mandamus requiring a State Board to certify a doctor as a psychologist. The two statutory qualifications had been met by the doctor, but the statute said that the doctor then "may" be certified without examination. The Board argued that "may" gave it a discretion to further consider the "best interest of the public." This argument was rejected:

"The correct meaning of the word, 'may,' is that the Board has discretion in its administration of the statute's stated standards, but the word does not empower the Board to make standards which are different from or inconsistent with the statute, even though they may be reasonable and may be administered reasonably. . . .

"It is a well-established principle of constitutional law that any statute or ordinance regulating the conduct of a lawful business or industry and authorizing the granting or withholding of licenses or permits as the designated officials arbitrarily choose, without setting forth any guide or standard to govern such officials in distinguishing between individuals entitled to such permits or licenses and those not entitled, is unconstitutional and void. . . . (Bloom v. Texas State Board of Examiners of Psychologists *et al.*, 16 Tex. Sup. Ct. Jour. 236 (Tex., 1973).)"

[5] Merrill, note 3, *supra*, at 470.

[6] The Subcommittee on Separation of Powers, Senate Committee on the Judiciary.

[7] As a recognized authority has indicated, in modern times the "executive communication" (or the administratively-drafted bill) is the chief type of bill considered by Congressional Committees. Charles J. Zinn, How Our Laws Are Made, 3-4 (1967) (Document No. 125, 90th Cong., 1st Sess.)

[8] *See* Executive Office of the President, Office of Management and Budget, Circular No. A-19, revised, July 31, 1972.

[9] Frequently the office is now called upon to review drafts of bills prepared in executive agencies and elsewhere [but no requirement exists that such review be given regarding all such bills, and in most instances the office is not called upon]. (CONGRESSIONAL RECORD, December 10, 1969, at pp. 38224-25; Statement of Senator Jordan, D. North Carolina, Chairman of the Senate Committee on Rules and Administration, in recognition of the 50th Anniversary of the Office of Legislative Counsel.)

The Committee on Rules and Administration of the Senate is authorized to determine the preference to be given by the office to requests for service. The order of preference in effect for many years is the following: (1) measures in conference; (2) measures pending on the floor of the Senate; (3) measures pending before a standing committee; and (4) preparation of original measures for individual Members of the Senate.

The office has no part of the formulation of legislative policy. Its only concern with policy is to ascertain the desired policy in adequate detail *and with sufficient precision* to enable it to formulate a measure which is technically effective to carry out legislative intent.

During the 90th Congress approximately 4500 measures were drafted. Of greater significance is the number of new subjects of Federal legislation which has occupied the attention of the Congress during that period, and the increasing technical complexity of many of those subjects.

In 1919 the office had a staff of three attorneys and one clerk. By 1945 the number of attorneys in the office had increased to six. Under the authority given by the Legislative Reorganization Act of 1946, the office reached its present normal strength of eleven attorneys in 1949.

[*] The Committee acknowledges with appreciation the two extensive surveys of this problem by George E. Atkinson, Jr., which analyzed several of the illustrative statutes quoted herein, as reflected in reports of the Housing & Urban Development Committee, *supra*.

[10] Public Law 89-754.

[11] 7 U.S.C. Sec. 2014.

[12] 42 U.S.C. Sec. 1771 et seq.

[13] 7 U.S.C. Sec. 1773.

[14] 72 Stat. 572 (1958), 49 U.S.C. 15a(3).

[15] Morris, *Environmental Statutes: The Need for Reviewable Standards*, 2 ENVIRONMENTAL LAW, 75, 81 (Winter 1971).

[16] 42 U.S.C.A. Sec. 4332(2) (Supp. 1971).

[17] *Id.* at Sec. 4331.

[18] *Ibid.*

[19] 16 U.S.C.A. 1131-1136 (Supp. 1971).

[20] 16 U.S.C.A. Secs. 1271-1287 (Supp. 1971).

[21] The Wilderness Act, 16 U.S.C. Secs. 1131, 1132 (Supp. 1971); The Wild and Scenic Rivers Act, 16 U.S.C. Sec. 1275 (Supp. 1971).

[*] Exhibit B appears at a Note at pages II: 79-81 of FitzGerald and O'Reilly, Materials on the Administrative Process (for use by students at Southern Methodist University and Boston College Law Schools) (1972, unpublished); its source is a study, not yet published, of the problem in the United States and six foreign countries, made by the Chairman with fellowship grant aid by the Relm Foundation and Southern Methodist University.

RESOLUTION OF THE SECTION OF ADMINISTRATIVE LAW AS ADOPTED BY THE HOUSE OF DELEGATES

AUGUST, 1973.

Whereas, The Section of Administrative Law has conducted committee studies since 1965 of the trend on the part of Congress during the past 40 years to delegate broad discretionary powers to administrative agencies which frequently are to be exercised under vague and indefinite statutory provisions, and of the trend on the part of the courts to uphold such statutory provisions that approach, if they do not constitute, delegations of legislative power to the affected agencies; and

Whereas, The majority of such statutory provisions have their beginning in legislative proposals sent to Congress by the administering agencies; and

Whereas, The risk of arbitrary exercise of such powers is increased, the difficulty of securing appropriate judicial review thereof is diminished, and the accomplishment of the legislative intent and purpose is rendered uncertain, when the Congress delegates powers to administrative agencies in such general terms, for example, as "the public interest," "the objectives of the national transportation policy," "housing for moderate income families," "the Secretary of the Interior may make and publish such rules . . . as he may deem necessary or proper. . . ." [regarding the Park Service] "[Federal Reserve Board rulemaking authorization] as may be necessary to enable it to carry out the purposes of this chapter and prevent evasions thereof."

Whereas, The Section of Administrative Law began its studies eight years ago with the expressed intention of making concrete and constructive proposals to improve Federal administrative procedure in this regard, and the Section recommends such proposals for Association action herewith;

Now, Therefore, Be It Resolved, That the American Bar Association recommends that the President designate the Department of Justice to review and report to the Office of Management and Budget and to the originating agency within a reasonable period of time with respect to each legislative proposal initiated or reported on by the Executive Branch, an instrumentality thereof, or an independent administrative tribunal or independent regulatory board or commission (hereinafter "administrative agency") whether such proposal sufficiently sets forth legislative policies and standards for exercise of the powers, functions and duties proposed to be delegated by the Congress to the administrative agency. As used herein, the term "administrative agency" shall not include the Administrative Conference of the United States or the Department of the Treasury with respect to the federal system of internal revenue taxes. Such report should be in writing and transmitted to the Congress with the legislative proposal of the administrative agency and the opinion of the counsel for the administrative agency on the same matter. No legislative proposal or report on a bill should be submitted to the Congress by an administrative agency until such a Department of Justice report has been issued. Circular No. A-19 of the Office of Management and Budget should be amended appropriately to effectuate this recommendation.

Resolved Further, That the Association recommends that the Congress or each House thereof designate a legislative committee, office, staff or consultant to review, draft and report with respect to whether a legislative proposal delegating discretionary powers to an administrative agency, sufficiently sets forth legislative policies and standards for the exercise of the powers, functions and duties proposed to be delegated by the Congress. The legal report should be in writing and, together with the opinions transmitted from the Department of Justice and administrative agency counsel, should be incorporated by each Committee report recommending a bill for consideration and vote by the members of the Senate or House, and omission to include such reports and opin-

ions may subject the consideration of the bill to a point of order upon request of a member.

Be It Further Resolved, That the President or his designee is authorized to present the Association's views to appropriate committees of Congress, and administrative agencies.

HELP IN CHICAGO FOR CANCER PATIENTS

Mr. PERCY. Mr. President, on January 21 I announced to my colleagues that I had received assurances from the Social Security Administration that serious consideration would be given to providing, by means of an administrative change, medicare coverage for breast prosthesis for mastectomies. Since that time a number of bills have been introduced in Congress to provide such coverage through legislative action. I am confident that one way or the other, medicare will eventually provide such assistance.

But more than financial assistance is needed by mastectomies and by all other cancer patients as well. People who have cancer or who have been cured of cancer have tremendous emotional needs that often can be filled only by contact with others who have had similar experiences.

I was, therefore, very pleased to learn that in Chicago, a group known as Cancer Call-PAC, or People Against Cancer, has been formed to meet just such needs of cancer patients. With the help of the American Cancer Society, the Columbus-Cuneo-Cabrini Medical Center, and an amazing woman named Georgia Photopulos, this group is currently providing much-needed emotional support for thousands of cancer patients.

I ask unanimous consent that an article from the Columbus-Cuneo-Cabrini Quarterly, describing the courage of Mrs. Photopulos and the dedication of the Medical Center staff to the success of Cancer Call-PAC, be printed in the RECORD.

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

GEORGIA PHOTOPULOS

If you live in the Chicago area you may have been fortunate enough to have "met" her, though not in the usual sense. Last spring she was featured in a week-long special series on the ABC-TV evening news, and an article written by her appeared in the *Chicago Tribune Sunday Magazine*. If you saw the series or read the article, you know that she is far from a woman without problems. Georgia is one of several million people in this country who live daily with cancer. "My cancer is not cured, nor is it arrested," she explains, "I am living today, each day, one day at a time, free from symptoms." She has chosen to meet the enemy headlong, however, and she has refused to let it disturb her remarkably positive attitude.

Georgia has been through surgery nineteen times. She has undergone a total of 120 cobalt and deep x-ray treatments in Columbus Hospital's radiation therapy department—far more than the average number of treatments usually required. She has lost both her breasts, most of her hair, most of the sensation in her right hand and arm, and much of her formerly endless reserve of physical strength and energy. But in her estimation she has gained something far more valuable—a new awareness and appreciation of life. Her already very close family has been brought even closer together because of her illness.

Georgia's battle with cancer began five years ago when, in a routine breast self-examination, she discovered two small lumps in her right breast. One of these proved to be malignant. This came on the heels of other health problems which in themselves would have been enough to stop a less determined person. She has always been bothered with allergies and asthma, and at the age of 11 she contracted polio, which left her with a curvature of the spine and a crooked pelvis. She had also suffered two miscarriages (Georgia and her husband Bud have two adopted children) and several bouts with fibrocystic disease (a non-cancerous condition) in both breasts.

Following a radical mastectomy on the right breast and the beginning of a prolonged series of radiation treatments at Columbus, Georgia underwent a simple mastectomy on the other side which showed a microscopic new malignancy beginning in that breast.

When she first found out that she had cancer, she said that she felt a desperate need to talk with someone about it. But she quickly came to realize that there was such a widespread fear and lack of understanding about cancer—what it is and what it does—among lay people that most of her friends were reluctant to even talk about it. She found the fortitude that she needed to cope with her fear through her family and her faith in God.

She found that it was important to her to keep her appearance up no matter how bad she might feel at any given time. "I found that if I looked good, I felt better. So I always made it a point to fix my make-up and my hair whenever I was going out. And I refused to go to doctors or to the hospital wearing my bathrobe." Then when friends saw her looking so good they assumed she was well and ceased offering her the helping hand that she often could have used but was reluctant to ask for. She said that whenever she met her husband's friends who knew that "Bud's wife has cancer," they always thought, because they saw her looking so cheerful, that: "One, Bud knew but I didn't know what was wrong with me; or two, I knew but I didn't comprehend the seriousness of it; or three, that the Mrs. Photopulos with cancer had died and I was Bud's second wife."

As the course and treatment of her disease progressed, Georgia met many more cancer patients and found that there was a very strong feeling of identity and fellowship among them. She told of one time when she entered the dressing room in the radiation therapy department at Columbus and saw a woman struggling with an artificial limb. "When I first tried to help her she was very hostile, but then when I began to undress and she saw the scars of my radical mastectomy her attitude immediately changed. I was then 'one of us,' I too had lost something."

She found that among cancer patients the need to talk with someone about their disease, about their hopes and fears, was a commonly felt need and one which was not being satisfied in many cases. Friends and family were often unwilling or unable to offer any emotional support other than the most common cliches. Doctors were often too busy or sometimes feared that the patient would not be able to "take it," and so were reluctant to discuss the details of the case. Many times patients never really even met the surgeon who operated on them because of heavy sedation and anesthesia. So in her mind, Georgia began to formulate a plan in which cancer patients themselves could help one another through their times of crisis and fear.

Georgia had been actively working as a volunteer with the Chicago Chapter of the American Cancer Society for some time when one day a little more than a year ago she was asked to address a meeting of the chapter. "I was asked at the last minute to fill in for someone else who couldn't make it. I guess they were used to hearing celebrities and doctors and nurses speak, but I just got up an told my own story of my fight with cancer. By the time I finished there wasn't a dry eye in the audience. I think people were able to identify with me more because I wasn't a celebrity or anyone rich or famous. I'll always believe that people are able to identify more with me and my family not so much because of what we are or what we have, but because of what we don't have. We don't have domestic help, mothers who can drive, teenage children who can pretty much take care of themselves. We've had to fend for ourselves and do for ourselves, to learn to live with and around the problems and inconveniences that having cancer causes. Of course, our friends and neighbors have been a tremendous help, and without them we just couldn't have gotten along."

Following her speech to the Chicago Chapter of the American Cancer Society, Georgia was barraged with requests to speak to other chapters and other organizations. In the early part of this year she was invited to speak at the National Convention of the American Cancer Society in New Orleans. About that same time she was asked to write the article for the *Chicago Tribune* and to appear in the series on ABC-TV.

Each time that Georgia gave a speech or appeared in the media, she took the opportunity to urge the American Cancer Society to organize the project of emotional support for and by cancer patients which she had conceived. It was to be a "hot line" type telephone service in which volunteers, all cancer patients themselves, would be available 24 hours a day to talk with other cancer patients and their families to offer them encouragement and hope. In October, 1972, the American Cancer Society asked Georgia to become project coordinator and gave her a small grant to cover the expenses of researching and starting the program in the Chicago area. The project became known as Cancer Call-PAC. It stands for "People Against Cancer." It was launched in late June, and it will be the pilot for a similar project which will hopefully be offered on a nationwide basis.

The service does not provide medical advice, nor does it attempt to interfere in any way with the doctor-patient relationship. The volunteers are simply called upon to offer emotional support to cancer patients and their families. This is the support which can often be the turning point in their decision not to give up but to determinedly fight the disease with all the resources they can muster.

There are a total of 120 volunteers who staff Cancer Call-PAC. Fifty-two of these are cancer patients who speak with callers. They represent people from all walks of life, and are patients with most of the major types of cancer. Among them they speak a total of eleven languages. The rest of the volunteers serve as advisors in various specialized areas of cancer care or in the delicate positions of intermediaries who help connect the callers with the most appropriate listeners.

Many doctors, nurses and others in various areas of the medical profession serve in advisory capacities with the Cancer Call-PAC staff. There is also a large group of clergymen of all faiths and psychologists who advise the staff on matters relating to pastoral care. Dr. David Lochman and Mr. John Porter from Columbus-Cuneo-Cabrini Medical Center's department of therapeutic radiology are among those in the first group, and Sister Marie Louise De Antonio, M.S.C., from

Columbus Hospital, serves with the pastoral care representatives.

During the first two months of its operation, Cancer Call-PAC, whose telephone number in Chicago is 372-6262, received 327 calls. The response to the project has thrilled Georgia beyond measure. "We created this service to fill a need," she explains. "This response shows that the need is really there, and I think that we are really filling it."

It is in this way and with this feeling that she has chosen to meet her enemy headlong—but on her own grounds and under her terms. She has chosen to cope with her own fear, pain and physical limitation by literally sharing herself with thousands of others who also walk in her shoes.

Georgia Photopulos may not live the life of the proverbial woman "without a care in the world," but something tells us that her life has been infinitely richer for the course it has taken.

REMOVAL OF WAGE AND PRICE CONTROLS FROM TEXTILE INDUSTRY

Mr. HOLLINGS. Mr. President, on behalf of Senator THURMOND and myself, I bring to the attention of the Senate a resolution passed by the Senate and the House of Representatives of the State of South Carolina.

This resolution urges the President of the United States to terminate the phase IV, price and wage control economic program, as it relates to textile industries and other industries related thereto prior to the scheduled termination date in April.

In an effort to see the removal of phase IV controls from the textile mills product industry, the manmade fiber industry and the apparel industry, I addressed a telegram to Dr. John Dunlop, Chairman of the Cost of Living Council. I pointed out that domestic mills are now facing serious shortfalls of manmade fibers. These fibers constitute over half of the industry's basic raw materials.

Market pressures resulting from phase IV have caused the exportation of already scarce fibers and the petrochemical feedstocks which are used in almost two-thirds of all the manmade fibers. Domestic mills already burdened with record high cotton prices and facing shortfalls of quality cotton are now being told by the manmade fibers industry that they are being cut back 10 percent or more. Industry in South Carolina and throughout the Nation is finding that everything they must buy from building supplies to raw materials is being cut back because of shortages brought about by phase IV restrictions.

I feel the removal of phase IV controls from the textile mills product industry, the manmade fibers industry and the apparel industry would permit the resumption of historical, competitive operations benefiting all Americans.

On behalf of Senator THURMOND and myself, I ask unanimous consent that the resolution as passed by the Senate and the House of Representatives of the State of South Carolina be printed in the RECORD.

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

To Urge the President of the United States to Terminate the Phase IV, Price and Wage Control Economic Program, as it Relates to the Textile Industries and Other Industries Related Thereto Prior to the Scheduled Termination Date in April.

Whereas, the Phase IV, Price and Wage Control Economic Program, as it relates to textile industries and other industries related thereto is causing serious economic interruptions in these industries. Now, therefore,

Be it resolved by the Senate of the State of South Carolina:

That the Senate, by this resolution, urgently requests that the President of the United States take necessary executive action to immediately terminate the Phase IV, Price and Wage Control Economic Program, immediately rather than delaying such termination until the month of April of this year.

Be it further resolved that copies of this resolution be forwarded to the President of the United States and to each member of the South Carolina Congressional Delegation in Washington.

ESTONIAN INDEPENDENCE DAY

Mr. ROTH. Mr. President, February 24 is the 56th anniversary of the independence of Estonia. This anniversary will be observed and cherished by Estonians in the State of Delaware and around the United States, but it must be observed in silence in Estonia. Estonia is one of the three Baltic republics whose independence was snuffed out by Soviet imperialism at the beginning of the Second World War.

I do not believe that one can read about the history of Estonia without being inspired by the remarkable resiliency in the face of adversity which has always characterized the people of that country. Estonia was independent until the 13th century. In subsequent centuries it was dominated by Germans, Poles, Swedes, and finally the Russians. At the end of the First World War, as the result of the disintegration of the Russian and German empires, Estonia was able to reassert its independence. Although invaded by the Red army after independence was proclaimed, Estonia put up a heroic resistance and cleared its land of the invaders.

In 1920 Estonia signed a treaty with the Russian Soviet Federated Socialist Republic under which the Russians "voluntarily and forever" renounced all sovereign rights over Estonia. In 1939, however, the Soviet Union forced Estonia to sign another treaty permitting Russian troops and bases in the Baltic nation. Although the Soviet Union promised that there would be no further interference in Estonia's internal affairs, this promise was never observed. On June 17, 1940, Estonia was invaded and occupied.

Under Soviet domination, thousands of Estonians were deported during the 1940's to Siberia and other parts of the Soviet Union, and the country was opened to Russian colonialization. These moves were part of a deliberate policy to destroy the unique Estonian culture and russify Estonia.

Although Estonia's people have been deprived of freedom, they remain hard-working and industrious. Today Estonia is the most industrialized of the Baltic countries. It has textile and shipbuilding factories; it manufactures mining and road equipment and large electric transformers, and it mines more than half the oil shale used in the Soviet Union.

Estonians in the United States are justifiably proud of their country, its culture and fine traditions. I hope that all Americans will join me in wishing them the very best on February 24, the 56th anniversary of the independence of Estonia.

THE MIGRANTS

Mr. WILLIAMS. Mr. President, on Sunday, February 3, 1974, there appeared under the auspices of the Columbia Broadcasting System a film produced and directed by Tom Gries entitled "The Migrants." It is a film which should be seen by all Americans.

"The Migrants" provides a dramatic and searing insight into the lives of 300,000 of our citizens, the migratory farmworkers. By bringing the problem of these people to our attention. "The Migrants" will help us to mobilize action to alleviate their plight. The producer, actors, and CBS are to be commended for the skill and force of the presentation.

JACK BRICKHOUSE—VOICE OF THE CUBS

Mr. PERCY. Mr. President, one of the best known and highly respected men in Chicagoland is my good friend and well liked neighbor, Jack Brickhouse. Since 1948, when WGN-TV in Chicago first began broadcasting Chicago Cubs games, Jack Brickhouse has been the voice of the Cubs.

Jack Brickhouse is truly a Chicago institution. Along with his role as sportscaster, Jack is a conscientious civic leader. He is always willing to lend his support to a worthy cause, displaying admirable traits of a responsible as well as successful citizen.

Mr. President, the January 31, 1974, issue of the Evanston Review featured a fine profile of Jack Brickhouse. I ask unanimous consent that it be printed in the RECORD.

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

JACK IN STORE FOR 1974: BRICKHOUSE SPEAKS OUT, "HEY-HEY!"

(By Brian Hewitt)

More so than Spiro Agnew, Gerald Ford, or even Mickey Mouse—Jack Brickhouse is a household word along the North Shore and throughout the Chicago area.

A Wilmette resident since 1951, Brickhouse and his wife Nelda reside in a comfortable two-story house nestled neatly away from the hue and cry.

As elder statesman of Chicago sportscasting and resident raconteur, expert, and mouthpiece for the area sports scene, Brickhouse daily departs from the quiet suburbs and enters the frenetic communicatory cabals that comprise WGN-TV.

Most local residents know the balding blonde-grey Brickhouse as the voice of the Chicago Cubs. For better or worse he's chronicled the fortunes of the Wrigleys on the air (Channel 9) since time immemorial.

He's also the radio voice of the Chicago

Bears and former TV play-by-play man for the Chicago Bulls. Occasionally "Brick" even goes national, as he did in the All-American Bowl football game from Tampa seen recently on Channel 9.

Jack's trademark and patented style is embodied in the shouts of "hey-hey" blasting over the airwaves and flashed on the screen everytime a Cub belts a roundtripper.

Indeed, it's hard to pass by a local ballpark in summer where youngsters aren't mimicking his "Hey-Hey" when a junior Ernie Banks or Billy Williams parks one.

Brickhouse connoisseurs, however, are equally familiar with the flip side of the Brickhouse announcing coin. His favorite lament following a Cub blunder is a disconsolate, "Oh Brother!"

If the faux-pas isn't fatal, he'll overtone, "it could've been a lot worse, Whoo boy!"

Finally, there's his bottom of the ninth inning plaint to the Northsiders in a tie ballgame, "Get ready now boys. Any old kind of run'll do it."

Brickhouse is many things to many people, but dull to very few. This is no accident. In his 40 years as a broadcaster Jack has compiled a storehouse of knowledge, trivia, and instant anecdotes that make even the longest rain delay pass like a short visit to the Cooperstown Hall of Fame.

At 57, Brickhouse rates candidacy to the sportscasters Hall of Fame. Unfortunately, such a hall doesn't exist.

Another candidate, Howard Cosell, gets more exposure, but doesn't rate as an announcer in Jack's book.

"I've got to talk about Howard on two levels," says Brickhouse, hands folded relaxing in his wooden-paneled den. "Howard the fellow is fun to be around, and I like his company. Cosell the broadcaster is not for me."

"Professionally, Howard Cosell is a gimmick," adds Jack with a trace of animosity. "If he said only complimentary things on the air, he'd be about eighth in line in his profession behind guys like Schenkel, Ray Scott, Gowdy, Lindsay Nelson, and even Brickhouse."

"His alleged 'tell-it-like-it-is' philosophy is a gimmick. If Cosell could be twice as big as he is now by being a nice guy, he'd start tomorrow."

Far from Cosell's droning voice of doom critiques is the rah-rah, plug the local team, advocate (bordering on cheerleader) approach that is Brickhouse.

Some of Brickhouse's critics maintain that impartiality is imperative in broadcasting. Jack doesn't buy that line and he has ammunition to back up his ratiocination.

"There are two distinct approaches to sports broadcasting," he notes, "In a national broadcast we try to play it right down the middle."

"But a WGN survey shows that a vast majority of the local fans want us to pull for the home team. We're just giving the public what they want."

The trick to the partisan method according to the "Brick" is, "always give the opponents all the credit they deserve. Don't take anything away from their performance. Detracting is unfair. Besides, if you beat the visitors, the victory is all the sweeter when you haven't belittled their showing."

It's difficult to belittle the showing that Brickhouse has made over the years. He's come a long way from the jobless, flatbroke, naive, 18-year old kid with wild dreams roaming the streets of Peoria, Ill.

Today, Jack is an executive vice-president at WGN, a stockholder in the Chicago Cubs, and a board member for Cub owner, P. K. Wrigley. He's on numerous other boards and committees including the Chicago Boy's Clubs, the Sickle-cell Anemia Outing Committee, and the Brian Piccolo Cancer Research Foundation.

Brickhouse fondly recalls those early days in broadcasting while relating the circumstances leading up to his first job in radio.

It seems there was a railroad strike on the west coast in the recession-ridden year of 1934. Young Jack planned to work for the railroad if he could only round up the cash to get a ride out there.

With this in mind, he hauled his larynx and diaphragm down to the local radio station for a "So you want to be an announcer" contest. First prize was a wristwatch. Jack figured he'd pawn the watch for fare to Frisco when he won.

"I made it to the final six contestants," Brickhouse recounts, "but they only gave out four watches. I must've been fifth. The problem was the judges. They were all lawyers and doctors. They didn't know anything about announcing."

The station manager at WMBD liked what he heard from Brickhouse, however, and offered him a job. The pay wasn't the greatest. In fact, they wanted him to work for free. Brickhouse couldn't refuse.

"It was the ham in me that did it," relates Jack. "As soon as a couple of my friends told me they'd heard my voice on the radio I couldn't keep my hands off the microphone. So I worked for nothing."

Fortunately, WMBD began paying Jack ($17 a week), and never regretted it.

Asked if he makes more than $17 a week, 40 years and uncounted hey-heys later Brickhouse responds, "Sometimes I'm not sure after I've seen my net tax statements."

Rest assured though fans. Jack Brickhouse can afford better than frostie malts and smokie links when he gets to Wrigley Field.

But prosperity hasn't made him any less of a Cub devoutist than Joe Fan. "The nice thing about my job," smiles "Brick," "is paying for if I was in another line of work."

On the current winter upheaval that saw Cub heroes Ron Santo, Randy Hundley, Fergie Jenkins, and Glenn Beckert shipped out, Brickhouse comments in one word, "Understandable."

"The Cubs had to do something," he adds. "Their position was, 'we lost with these fellows (Santo, Beckert, etc.), so the worst we can do is lose without 'em.' Baseball is a young man's game, and the popular but aging veteran must often step aside."

"I submit to you that Babe Ruth didn't finish his career with the Yankees, Willie Mays didn't finish with the Giants, and Ty Cobb didn't end his playing days in Detroit."

The question naturally arises, "When will Jack Brickhouse finish his announcing days?" In 1962 Brickhouse was feted for his 2000th baseball broadcast.

Twelve years later he shows no telltale signs of slowing down. In broadcasting, unlike baseball, the wind stays even after the legs go.

"Right now I'm starting the second year of a three-year contract," he explains. "When that contract expires I'll take 'em one year at a time. I'm not the kind of guy who can retire and vegetate. I intend to be involved in sports and broadcasting for the rest of my life."

"At one time," continues Jack, "I was the youngest sportscaster in the country. I don't intend to be the oldest, but I will stay on in some capacity."

It's hard to imagine a Cubs broadcast without the mellifluous pear-shapes of Jack Brickhouse echoing the "happy totals" through dens, rec rooms, and backyards across Chicagoland.

But one thing's sure. Long after the hey-heys have turned to hay-hay and Jack Brickhouse is out to proverbial pasture, his spirit and indomitable enthusiasm will live on. Household words have a way of doing that.

AN APPRAISAL OF THE REGIME OF THE LATE PRESIDENT SALVADOR ALLENDE GOSSENS, OF CHILE

Mr. MONTOYA. Mr. President, the Reverend Father Joseph F. Thorning, Ph. D., D.D., who has served at various times as dean of the graduate school, Georgetown University; European correspondent of the national magazine, America; and is now honorary chaplain of the Inter-American Defense College and associate editor of World Affairs, has written two articles appraising the regime of the late President Salvador Allende Gossens, of Chile.

One article in an international publication the Rising Tide, was published under the title "Whither Allende?" on May 21, 1973.

The other piece, "The Chilean Revolution—Conversations With Allende, With the Postscript by Salvador Allende," consisted of an analysis of a book-length interview with President Allende by one of the latter's admirers, Regis Debray, a French journalist. Dr. Thorning's review of the Debray-Allende volume was featured in America, a national magazine published by the Jesuits of the U.S.A. and Canada.

Dr. Thorning views the recent events in Chile from a special perspective which may be of interest to other Members of the Senate. I ask unanimous consent that Dr. Thorning's articles be printed in the RECORD.

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

WHITHER ALLENDE?

(Dr. Joseph F. Thorning)

How many observers in the USA remember that when President Salvador Allende took office in 1970, he did so thanks to the votes of the majority of Senators and Deputies, many of whom are now disenchanted with his recent policies?

Allende's adherents in Chile, mainly Marxists and Marxist-Leninsts, maintain their enthusiasm, despite a sadly deteriorating economy. They point with pride to an increase from 36.3 to 43.4 percent in the popular vote on March 4, 1973 for the members of Allende's Congressional coalition. They note, quite correctly, that they added two Senators and six Deputies to their ranks in the Chilean Parliament. Consequently, Allende and his cohorts continue their loud proclamations of popular "victory."

REJECTION

The Allendistas, however, overlook an undeniable fact. On March 4, 1973, a majority of the voters of Chile—56 percent—although subjected to subtle and not-so-subtle forms of political blackmail, called for new directions in public administration. The people, by their majority vote, rejected totalitarian tactics, demanding a return to democratic procedures. They made clear their preference for a system of social justice respectful of their homes, their modest-sized farms and other family-owned centers of production. In a profoundly true sense, the majority voted in the light of religious convictions and with a determination to safeguard the rights of their children. Women were outstanding in their emphasis on such principles.

REACTION

Nevertheless, Dr. Allende talked and acted as if he had won a new mandate. Fresh measures toward the nationalization of Chilean properties were enacted. In reorganizing his Cabinet, the chief executive dropped the three military men who, in the eyes of the people, represented good order and fair play. This move strengthened the hands of partisans who made more strident their demands for a speedier route to total domination of the body politic and the seizure of the private property of Chile's citizens.

Equally significant was Allende's next step. He proposed a "unified school system" on a national scale. This would mean the suppression of a *noble* Chilean tradition: a flourishing system of public and private schools, colleges and universities administered in an atmosphere of mutual respect for the benefit of all concerned. Religious education, of course, was the principal target.

Allende's drive may have been premature. In 1970 religious people were prepared to give the Marxists the benefits of every doubt. They realized the need for radical change. They were aware of conditions of work in mines, factories, offices and on farms. They were ready to cooperate.

But they were sickened by a bid for power over the minds of their children. The result might have been foreseen. In response to the petitions of parents, the Chilean Bishops, after deliberation and prayer during the 1973 Holy Week, issued a reasonable, well-balanced statement. Although maintaining their principle of warm approval for genuine efforts toward social reconstruction, they reiterated their devotion to the right of all citizens for freedom of choice, not only in the field of education, but also throughout the broad domain of human rights.

ANOTHER MODEL OF INJUSTICE

A key passage of the Easter Sunday declaration is worthy of study. It reads as follows:

"Why should not our Fatherland become more human, more just, more open to structures that may provide equality of opportunity to all her sons and daughters? And why cannot this desire in the hearts of the majority of Chileans be realized without grave personal and collective sins; and without giving birth to another model of injustice and tyranny, which offers no solutions and merely hands power over to one or another minority group?"

Most Christian Democrats, Liberals and Nationalists in the Republic of Chile and elsewhere interpreted this strong message as a reference to the voice and determination of the 56 per cent of citizens who voted for liberty on March 4, 1973.

Popular sovereignty is sound religious doctrine. When people go to the polls, they show that they want their elected officials to respect their homes, their land, their schools and their right to earn a living, irrespective of the political administration of their country, provided their activities conform to the Constitution and laws.

In other words, a majority of Chileans recall that another Marxist-Leninist regime, that of Fidel and Raul Castro in Cuba, constantly promised "free elections," respect for religious education and democratic procedures—until securely ensconced in total power.

The Chileans will do their part not to be tossed "from the frying pan into the fire." They have not the slightest inclination to see their beloved country become another colony of the Soviet Empire. For many reasons, the majority in Chile deserve the admiration and support of free peoples and independent nations.

THE CHILEAN REVOLUTION—CONVERSATIONS WITH ALLENDE, WITH A POSTSCRIPT BY SALVADOR ALLENDE

(By Régis Debray)

Will the Chilean Revolution be a "revolution without rifles"? That is the key question posed by French journalist Regis Debray in his dialogue with President Salvador Allende.

Debray, whose original idol was Fidel Castro, supplies an answer of his own. In his Introduction the author assures his readers that, in order to gain absolute power, the use of force is sanctioned by "universal principles of Marxism-Leninism."

In responding to the inquiries of his youthful admirer, Allende provides data about his boyhood, medical education and political thinking. As a lad of fourteen, he was greatly influenced by a cobbler-anarchist who taught him "how to play chess," to enjoy "the good things of life" and to read books on social issues. Three generations of his family were freemasons, who often engaged in controversy with conservatives, especially "on a religious front." Almost from the start, Allende reveals, he was "aware of his anti-imperialist vocation." As a youthful politician, he became one of the founders of the Socialist Party in Valparaiso. He insists, however, that his Marxism had "nothing to do with European Social Democrats."

When in 1938 President Pedro Aguirre Cerda organized the first, short-lived "Popular Front" government, he named Dr. Allende Minister of Public Health. The job showed the young man's capacity for leadership and brought his gifts of oratory and organization to national attention. Despite three subsequent defeats in hard-fought presidential campaigns, he won enough votes from a Socialist-Communist coalition in the Chilean Senate to become President of that body during the Christian Democratic administration of Eduardo Frei Montalva (1964–70). In his fourth try for the *Casa Moneda*, Allende emerged as victor. His plurality in the popular vote was 36.3 per cent.

As President of Chile, Dr. Allende, although alluding to some differences with Castro as "fundamental and violent," explains that their goals are almost identical: "complete economic and political domination." As often as Debray expresses impatience with "the pace of socialization," his mentor emphasizes his determination to "expropriate the means of production that are still in private hands." For this to happen, he adds, control must be established over the legislative and judicial branches of government. His models are "the Socialist countries."

Recent events in Chile raise doubts about Allende's prospects of success for such a comprehensive program. The 1972 congressional by-elections brought victories to a reunited front of Christian Democrats, liberals and nationalists. As a result. Allende does not dare to consult the public about his decision to dominate congress and the courts. Food shortages, housing problems, runaway inflation, lowered productivity in mines, factories and on farms, defaults on indebtedness and near-bankruptcy haunt the Popular Unity regime.

This Debray-Allende colloquy is a valuable reference work. It can be studied, now and in the future, either as a blue-print for another collectivized society or as a plan for peaceful construction of a Socialist, but non-Soviet, Republic, respectful of basic rights and dedicated to the correction of social evils, while providing fairly for human needs.—Joseph F. Thorning.

THIS WEEK'S REVIEWERS

Rev. Dr. Joseph F. Thorning is United States Honorary Fellow of the Historical and Geographic Institute of Brazil.

THE IMPEACHMENT PROCESS

Mr. DOLE. Mr. President, due to the widespread interest in the impeachment process, the current activities of the House Judiciary Committee and the potential involvement of the Senate in these matters, I wish to place on record my views of the impeachment process and my responsibilities as a Senator in these constitutional proceedings. Therefore, I ask unanimous consent that the text of my November 1973, remarks to the Kansas Chapter of the American College of Surgeons be printed in the RECORD.

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

REMARKS OF SENATOR BOB DOLE

It is a distinct pleasure to be here at this meeting of the Kansas Chapter of the American College of Surgeons and to be invited to share with you some of my thoughts on health care in America—A topic of mutual interest to us and of profound and growing interest to the Nation.

Before I touch on several matters which concern you professionally, let me take a few moments to discuss the current controversy swarming around the White House in Washington.

At the outset, I would offer the observation that the year's developments in our Nation's Capitol have been astounding. Never before have we seen such a mind-boggling chain of events or such a violent turnabout in public attitudes toward a President.

From an unequaled peak of popularity and confidence at the end of the Vietnam War in January, Richard Nixon has plummeted to a point in early November which marks the second lowest standing for any modern President. Though we can debate the lasting significance which might flow from this turnabout, there is no denial that it is real and must be recognized as a fact of our political life today.

STRANGE AND TROUBLING CLIMATE

The compounding revelations and confusions of Watergate, the resignation of Spiro Agnew and a rising wave of anguish and concern over deception, corruption and mistrust in Government have created a strange and troubling climate in America.

It is strange, because never before in recent times—certainly not in this century—has there been such an impassioned mood against a President. And it is troubling, because never before has there been such a barrage of charges, attacks and accusations openly and freely leveled against a man who sits in the Oval Office.

Out of all this confusion, some are attempting to arrive at a perspective and a basis for determining the proper course for themselves and the country. It is not an easy task, and events take on new and unexpected turns almost daily. But let me set forth what I believe is the best approach to today's situation.

First, President Nixon should not—should not—resign from office.

Second, the House of Representatives should proceed without delay to investigate the grounds for impeachment.

Now, let me expand upon these two points.

RESOLUTION REQUIRED

Looking at the current situation—just in my capacity as an American citizen—I certainly feel that some resolution of all the questions, doubts and charges must be reached. This state of suspended animation is not healthy for the country. Did the Presi-

dent know this, did he say that, did he approve, condone or conceal something else? These hanging questions are harmful to our government and to our country. They require action to deal with them, settle them and put them behind us. But how to do it?

RESIGNATION WORSE THAN PRESENT SITUATION

As we approach this question, I feel there is one overriding consideration. In attempting to improve matters, we must not bring on something worse than we have now. Some might say that is not possible, that we have gone as low as we can go. But I feel that a presidential resignation would be incalculably worse.

NO ANSWERS

In the first place, a resignation would settle nothing, answer nothing. It would furnish the country with a sacrificial offering, but it would not cast any light in the dark corners and shadows of our national dilemma.

I do not feel a resignation would satisfy the American people. For they are not bloodthirsty. They respect and want to respect the Presidency. They do not want to see this President or any other President brought down in humiliation, shame, and defeat. Yes, they are concerned and curious, but they want answers, not a scapegoat. And a scapegoat is all they would get through resignation.

BITTERNESS AND SUSPICION

In the second place, a resignation would be worse than the present predicament, because it would foster a legacy of bitterness and suspicion unprecedented in our history.

After all, nearly 30% of the American people are still telling pollsters that they believe Richard Nixon is doing a good job. And it would be extremely serious if even that 30% harbored the notion that the President was done in through unfair persecution and hounded out of office by a gang of personal antagonists. Rumors of plots, conspiracies, and even foreign intrigues are not uncommon in this country—as the stories following President Kennedy's assassination remind us. And I greatly fear that the country could find itself in the grip of a black wave of rumor, mistrust and vengeful ill-will in the wake of a resignation.

UNFAIR

In the third place, a forced resignation would be unfair. Even the President of the United States has a right to have his case considered on the merits. He has a right to due process. He has a right to be presented with specific charges, mount his defense and have his case judged by a jury of his peers. Forcing him to resign would deprive him on those rights.

And even if he were guilty of every last single charge made against him, he would still be entitled to those rights.

So this brings us to my second point.

CLEAR CONSTITUTIONAL DIRECTION

In contrast to such areas as executive privilege, war powers or impoundment of funds, the Constitution of the United States clearly and specifically makes the House and Senate responsible for removing a President from office.

The House of Representatives, not the Washington Post, is empowered to frame charges against the President. The Senate, not *Time* magazine, is given the power to render a verdict on those charges. And this is the course which must be taken.

I do not know what the outcome would be. I do not know what it should be.

NO LEGAL CASE

Speaking, now, as a lawyer, I will say that I have not seen the case against the President made on a legal basis. And speaking as one of the potential jurors in the Senate, I have not seen a case presented—with evidence—that the President has committed specific acts which constitute "treason, bribery or other high crimes and misdemeanors." And until I do see such evidence, my verdict will be withheld.

Let me emphasize this point. There are some today who are saying to their Congressmen and Senators, "I demand that you impeach Nixon." Now this is their right to say, but it would be highly irresponsible for me, as one who could sit in judgment on this case in the Senate, to come to any premature conclusion.

As I said, I view myself as a potential juror, and as such duty binds me to refrain from passing judgment until the evidence is presented.

I think a pretty clear case can be made that there have been some amazing blunders, bad decisions, poor exercises of judgment and regrettable assessments of character involved with Watergate and other matters. But to give these observations the status of a legally presentable case, is to stretch the bounds of fairness and common sense beyond their limits.

And this is why I feel the impeachment investigation must be passed.

A legal case against the President has not been made. But if one exists, it should be framed and acted upon with the greatest dispatch. For only by this process can the necessary resolution to our present situation be reached—and reached in a manner which will improve, not worsen, what we have today.

RESULTS COMPARED

Consider the contrast between the routes of impeachment and forced resignation.

Where resignation would leave only lingering, unanswered questions and uncertainties, impeachment would provide solid answers. In the first place, the investigation might show that there are no grounds for even seeking a bill of impeachment in the House. That's one answer.

Next, perhaps a case worth considering could be made. The House could vote impeachment and say to the Senate, "You decide whether the evidence is sufficient to establish guilt."

Then a deliberate, open and fair proceeding would be conducted in the Senate with the Chief Justice of the United States presiding.

There would be no battle of headlines, "source" stories, editorials and commentators' pearls of wisdom. The evidence would be put forward. The President would be offered the opportunity to disprove or rebut it. And the Senate would vote.

If two-thirds thought him guilty of the charges, the President would be removed. The verdict would be entered. That is another answer.

If two-thirds of the Senators did not think the evidence established guilt, the President would be retained in office. The verdict would have been entered. And this is still another answer.

ANSWERS PROVIDED

Whatever the outcome, the questions would be answered by impeachment. Resignation would give us none. Some might not like the answers. But they would be answers, nonetheless, and would be infinitely preferable to the nothing provided by resignation. The fairness of the proceedings would be on the public record. The doubts and uncertainties would have been put to rest as firmly and certainly as our system makes possible.

Some might say, "But what if he was acquitted by a narrow margin—even one vote?" And to this, I say, "So be it."

Every day in this country, juries acquit defendants by narrow margins—even one vote. That is the way our rights are protected under the Constitution. And that includes Presidents, too. These verdicts are accepted, and I believe such a verdict—even in the case of a presidential impeachment—would be accepted and respected by the people.

In any event, the entire impeachment process strikes me—as a citizen, as a lawyer and as a Member of the Senate—as the only acceptable way of proceedings.

Impeachment is characterized by all the hallmarks of our Constitution's regard for individual rights and liberties. It would strengthen, stabilize and calm the Nation. Forced resignation has the aroma of a lynching. It would only divide, dismay and further alarm a weary people.

So that is my prescription for the country. I hope it can be followed—regardless of the outcome. For I believe the American people need the answers it would provide.

CONGRESSIONAL AGENDA

In addition I would set the following agenda for the Congress.

First and foremost, Gerald Ford should be confirmed as Vice President. The country must have a Vice President who can step forward to fill the Presidency if necessary, and provide the continuity in the administration which the electoral process has chosen.

Next, the impeachment investigation should take precedence over all other related inquiries. And an end should be put to the activities of the near dozen committees and subcommittees at work on such matters in the House and Senate.

And finally Congress must move on the host of legislative matters before it.

These include, of course, bills relating to the energy crisis, the trade bill, the tax bill and a number of proposals dealing with the health care needs of America.

BUDGET REFORM

Mr. MUSKIE. Mr. President, within a very few weeks the Senate will have before it legislation to reform the procedures by which the Congress handles the Federal budget.

The budget reform bill will be one of the most important measures the Senate will consider this year. It is important not only because our own procedures for considering the budget badly need reform, but also because it provides an opportunity for the Congress to reassert its constitutional power to control the Federal purse strings. It is an opportunity that we must not allow to slip away.

When budget reform legislation is considered by the Senate, it will reflect the work of three committees of the Congress. In the fall of 1972, the Congress created the Joint Study Committee on Budget Control to recommend ways the Congress could improve its control over the Federal budget.

The recommendations of the Joint Study Committee were examined at great length last year by the Committee on Government Operations, which labored for more than 8 months before approving budget reform legislation. Now, the Committee on Rules and Administration is working to further refine the bill.

Mr. President, this legislation will command bipartisan support. The bill reported by the Committee on Government Operations reflects the work of Senators of both parties. Under the leadership of the distinguished Senator from North

Carolina (Mr. ERVIN), Senators METCALF, PERCY, BROCK, myself, and others, worked together to develop what I believe is a comprehensive and workable legislation.

That bipartisan spirit has continued in the Rules Committee during its consideration of the bill. At the direction of the distinguished Senator from Nevada (Mr. CANNON), and the distinguished assistant majority leader (Mr. BYRD), the staff of the Rules Committee is meeting with staff members from the Committee on Government Operations and nearly every major committee of the Senate in an effort to improve this bill. I am confident that this extraordinary effort will result in an even better bill being reported to the Senate by the Committee on Rules and Administration before the end of this month.

Mr. President, we cannot overestimate the importance of budget reform legislation. It is critical to the reassertion by the Congress of its constitutional control over the Federal purse strings.

During the 1st session of the 93d Congress, the Senate took important steps toward redressing the balance of powers between the Congress and the President. It passed landmark legislation to block Presidential impoundment of funds and to assure Congress information it needs in the face of Presidential claims of executive privilege. But despite these important measures, the procedures by which Congress exercises its fundamental power to appropriate funds and raise revenues have remained unreformed.

During the past half century, we have witnessed a steady erosion of congressional control over the budget. In contrast, we have seen a consistent escalation of executive influence over budget and fiscal policies.

As a result, in 1974, Congress finds itself severely crippled in its efforts to carry out its dual responsibility to establish national priorities and control Federal expenditures. It lacks both the necessary resources to give the budget proper consideration and an adequate procedure for making rational decisions on national priorities.

There is little dispute that the present congressional system of considering the budget is in need of reform.

First, under the present appropriations process, Congress lacks both the staff and the information it needs to consider the budget comprehensively. Congress, to be sure, is at a disadvantage compared to the President in making budgetary decisions. It does not have its own budget staff, and it must rely on the executive branch for much of the information, the judgments and the evaluations it needs to make fiscal decisions.

Just this month, the President sent the Congress a 346 page Budget, accompanied by an appendix of more than 1,000 pages. Over the next few months, these documents will be supplemented by thousands of pages of justifications and explanations. This budget proposes a substantial redirection of the fiscal policies this same President recommended in his budget a year ago. Congress, unfortunately, lacks the information and the staff it needs to thoroughly evaluate the President's fiscal recommendations.

To act as a resourceful and responsible budgetmaker, Congress needs its own staff and its sources of information. That is why it is imperative that budget reform legislation must increase the amount of information Congress, as a whole, has in making budgetary decisions. We must provide ourselves with the staff resources we need not only to allow more careful consideration of the President's budget but also to allow us to develop alternative budget proposals of our own.

The bill reported by the Government Operations Committee does take important steps to increase budgetary information available to Congress and to bolster the congressional staff for handling the budget. I am hopeful that the thrust of both of these reforms will be retained by the Rules Committee.

Second, under the present appropriations process, the Congress does not have the time it needs to consider the budget adequately. This time problem is twofold: Congress gets a late start on its budget consideration, and it cannot complete action on the budget in time to avoid forcing the executive branch to run on continuing resolutions for many months.

Budget reform legislation, too, must provide Congress with more time to consider budget and priority decisions. The Government Operations Committee bill changed the start of the fiscal year to October 1 in an effort to create a realistic timetable for budget consideration that is consistent with the operations of the Congress. Whatever timetable, the Congress finally adopts, we must avoid putting ourselves, year after year, in the embarrassing position of not being able to complete our work on the budget before the beginning of the next fiscal year.

Third, under the current appropriations process, major spending decisions are fragmented. In fiscal 1974, for example, only 44 percent of the budget went through the Appropriations Committees. This fragmented process of considering spending measures makes it virtually impossible for the Congress to make rational decisions on spending priorities.

As Drs. Alice M. Rivlin and Charles L. Schultze of the Brookings Institution recently wrote:

> Current Congressional budget procedures are not adequate for dealing with any questions of priorities. When the President's budget proposal reaches Congress today, it is pulled apart and considered in fragments. Hearings are held by authorizing committees dealing with particular programs or agencies, and separate bills are reported to the Floor and voted on in each House. More hearings are held in Appropriations Subcommittees, and appropriations bills for particular agencies are reported and voted on at different times during the year. Revenue measures to finance these outlays are handled separately by different committees. . . .
>
> At no point does Congress put these separate actions and non-actions together to see whether they make sense as a whole.

Mr. President, it is imperative that congressional budget reform legislation contain a flexible workable procedure that will allow Congress to make rational priorities decisions. The bill reported by the Government Operations Committee contains such a procedure. That procedure is now being examined closely by the Committee on Rules, and I have little doubt that the Rules Committee will improve it to better insure its workability.

Mr. President, the challenge before the Congress is to develop a procedure to reform these readily acknowledged problems in the process by which the Congress now considers the budget. I am encouraged by the extraordinary effort we are making to meet that challenge.

I am aware that reforming congressional budget procedures will not be easy to accomplish. It will require us to make changes in the way we operate. It may be necessary to phase in some of these changes gradually. But I am confident that we do have the resolve in this body to reform our procedures and that we will enact workable budget reform legislation this year.

MINDSZENTY: CROWN OF THORNS, CROWN OF GLORY

Mr. BUCKLEY. Mr. President, there are men and women throughout history who, because of their character and nobility of spirit, attain a kind of glory that makes them symbols of courage, patriotism, and perseverance. Such a man is Josef Cardinal Mindszenty of Hungary. As you know, he has been living in Vienna, in exile from his beloved Hungary, since 1971. The Washington Post, February 6, 1974, reported that this great man has been dismissed by Pope Paul VI as primate of Hungary. The decision is, of course, one made strictly within the Roman Catholic Church and I shall not comment the decision as such. But I would like to say a few words about what this action will be seen to mean in terms of Cardinal Mindszenty's long, heroic fight against tyranny.

It would seem that we have come to the end of an era, for the name of Mindszenty has, for many years, symbolized to the world the unyielding, uncompromising, splendid defiance of Nazi and Communist tyranny. We do not know the reaction of the Communist rulers of Hungary to Cardinal Mindszenty's dismissal. But it is not unreasonable to suspect that in the corridors of power in Budapest those who came to power wading through the blood of their countrymen in the late 1940's and in 1956 are breathing sighs of relief. It is not simply Mindszenty the man who caused them so much trouble, but what he represented: the refusal based on principle to cooperate in the enslavement of one's countrymen.

There are those who say that the kind of anticommunism represented by Cardinal Mindszenty is no longer fashionable, that it is a "relic" of the "cold war." I do not share this view. When the history of this cruel century is finally written, when men and women can look back with some perspective on the modern totalitarian age in Europe, I am confident that Mindszenty's majestic fortitude will be seen as one of the few truly honorable

acts of our time. The Post article described Cardinal Mindszenty's anticommunism as "fiery." That is, I believe, a well-chosen word, for what Cardinal Mindszenty has done, since 1948, when the Communists tortured and beat and drugged him in order to make him "confess" to a nonexistent crime, until today, is to enflame the hearts of all those who love freedom and to light a torch of liberty that not even the sophisticated barbarism of communism could extinguish. I wish the political leaders of the West had such a fire inside their hearts and minds.

The Pope, in writing to Cardinal Mindszenty, said that his years of resistance were a "crown of thorns." This is no doubt true, but what a magnificent crown it is, what a crown of honor, what a crown of glory.

Josef Cardinal Mindszenty may have been dismissed; he will never be forgotten.

Mr. President, I ask unanimous consent that the entire text of the Post article entitled "Pope Paul Relieves Mindszenty of Job" be printed into the RECORD.

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

POPE PAUL RELIEVES MINDSZENTY OF JOB

VATICAN CITY, February 5.—Josef Cardinal Mindszenty, who spent 30 of his 81 years in Nazi and Communist jails, was dismissed today by Pope Paul VI as primate of Hungary.

The decision to remove the uncompromising prelate, long a symbol of resistance to communism, underscored the Pope's efforts to improve Vatican relations with Eastern Europe.

Bishop Lazslo Lekai, 63, was named temporary apostolic administrator of Esztergom, the archdiocese that was formerly Mindszenty's. He has not actually served it since 1948.

The cardinal had turned down repeated Vatican requests in recent years that he resign. The Pope nevertheless expressed sympathy for him and said in a letter that his years of resistance were a "crown of thorns."

The cardinal is known to have insisted on retaining his position as Hungary's No. 1 Roman Catholic prelate in order to dramatize his fiery anti-Communist role.

A spokesman for Mindszenty, who now lives in Vienna, said the cardinal would have no immediate comment on the Pope's decision.

A Vatican source said Mindszenty refused to resign voluntarily but bowed to the Pope's decision.

"But the responsibility before history and God is his "(the Pope's)," the source quoted Mindszenty as saying.

The cardinal has expressed wariness at Pope Paul's policy of relaxing church-state tensions in the Communist countries of Eastern Europe.

"In various letters to the cardinal, Pope Paul had explained to him his opinion and concern about the peculiar situation of the archdiocese, which has been left without a guide for many years," said a Vatican spokesman, Federico Alessandrini.

"Since the cardinal had no intention to resign, Pope Paul decided to declare the archdiocese vacant, thus respecting the cardinal's point of view."

A papal envoy is now in Poland for talks that could lead to a visit by the Pope, the first by a pontiff to a Communist nation. The Vatican also is negotiating the nomination of a permanent papal envoy to Warsaw.

A 1974 Vatican-Hungary accord, the first between the Holy See and a Communist government, calls for Hungary's approval for the nomination of new bishops.

In 1948 Cardinal Mindszenty was arrested and charged by Communist authorities with subversion, treason, spying and currency manipulation.

In a showcase trial, the prelate pleaded guilty. He said later he had been drugged. Authorities sentenced him to death, but commuted the sentence to life in prison.

Mindszenty was freed in 1956 during the Hungarian uprising. When the Soviet Union crushed the revolt, he took refuge in the U.S. legation in Budapest. He remained there until 1971, when Hungarian authorities permitted him to go to exile in Rome.

The cardinal is left without any active church position. He retains honorary titles, being over 80, he will not be eligible to vote for the next Pope.

The Vatican statement said the Pope acted after "an ample exchange of correspondence" with the cardinal. In a Jan. 30 letter, Pope Paul mentioned the cardinal's trial in a Communist court and said he "bowed in great respect" before the Hungarian prelate.

THE CONCORDE

Mr. FULBRIGHT. Mr. President, in recent days there have been press reports of further troubles for the French-British supersonic transports—SST—plane, the Concorde.

According to a dispatch in the Washington Post of February 17, the French have decided to cut back construction on the Concorde for which there are "virtually zero sales prospects."

This development certainly comes as no surprise to those of us who have followed this matter closely. The British have been voicing strong doubts about the viability of the Concorde for several years, but until recently the French Government has been less realistic about the plane's prospects.

On several occasions in the past I pointed out the serious difficulties which the British-French project had encountered, including huge cost overruns. However, many of the proponents of Federal funding of an American SST have continually argued that the Concorde was going to be a great and immediate success and that U.S. prestige would suffer greatly if we did not proceed with rapid development of the SST.

Along with the Senator from Wisconsin (Mr. PROXMIRE), I opposed Government funding from the time it was first proposed in 1961 through its defeats in 1970 and 1971. I believe the wisdom of those votes by the Congress in 1970 and 1971 have been borne out by subsequent developments, including the experience of the Concorde as well as our own economic difficulties and the fuel shortage, which makes the SST, with its poor fuel efficiency, even less viable now.

Mr. President, I ask unanimous consent to have printed in the RECORD the article from the Washington Post of February 17.

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

PRODUCTION OF CONCORDE CUT BACK

(By Jonathan C. Randal)

PARIS, February 16.—Faced with virtually zero sales prospects, France has reluctantly decided to put back construction of the Franco-British Concorde supersonic airliner and to scrap production of the Mercure, a short-range twin-jet airliner.

The agonizing decisions—an admission of failure for the most controversial of Gaullist prestige projects—were taken at a special meeting last Thursday with Prime Minister Pierre Messmer and five of his ministers in attendance.

The government said nothing would be announced until next week.

Out of deference for British involvement in an election campaign, the planned cutback in Concorde production—and a suggested $90 million modification to boost range by adding extra fuel tanks—is not likely to be announced until after the Feb. 28 British voting date.

The government of Prime Minister Edward Heath has favored cutting back Concorde production to four a year since only nine solid sales have been made—five for British Airways, four for Air-France. These state-owned airlines had little choice in the matter.

France had been demanding production of eight planes annually, but is expected to accept as few as six in the knowledge that a Labor Party victory might signal British willingness to scrap the whole project despite the punitive damages provided for under the contract.

The sudden official French realism about Concorde's shaky commercial future followed years of self-congratulatory pronouncements without much doubting from press and politicians, contrary to the frequent expressions of doubt in Britain.

First concrete signs of the French government's change of heart came earlier in the month when a supposedly secret report of Gen. Rene Bloch, head of France's rocket testing center, was leaked to the press.

It suggested that a fuel tank modification could be incorporated on the Concorde, starting with the tenth plane, and could add a vital 173 miles to its range—enough to answer sales objections by major companies, but apparently reducing transatlantic passenger loads from 100 to 80. Lufthansa, the West German flag carrier, Japan Air Lines and Braniff had refused to buy the Concorde on grounds of insufficient payload and/or range.

A more ambitious Bloch suggestion, amounting to building a brand new airplane costing as much as $400 million, called for a 10 per cent increase in engine thrust, but requiring 8 per cent more wing area.

Nothing apparently could be done to improve the 16 aircraft now under construction except for the added fuel tank.

That more ambitious option was believed rejected at the high-level meeting.

Left unsolved were such major problems as the Concorde's inability to meet U.S. noise standards, its fuel consumtpion per passenger running at four times that of jumbo jets, and fares recently estimated at 15 to 20 per cent more than the original quotations.

Another embarrassment was a decision to scrap production of the 120-seat, 750-mile range Mercure after the initial production run of only 10 planes.

Built by Dassault-Breguet, the builders of military aircraft such as the Mirage, the writeoff costs were reported to be in the $120 million range.

Air Inter, the internal French airlines, was the only—and reluctant—customer of the Mercure, which found the competition too tough from established DC-9s and Boeing 727s and 737s. Air Inter is demanding a state subsidy to fly the Mercure.

Over the past two years, French officials have blamed their aerospace industry's problems on unfair American competition taking the successive forms of dumping Vietnam war surplus aircraft, devalued dollar prices and cheap financing.

Consequences of the government decisions were expected to result in the laying off of at least 1,000 of the 9,000 Concorde work

force in Toulouse. The writeoff of the Mercure was not likely to have much adverse employment effect since Dassault-Breguet has plenty of orders for helicopters and military aircraft at its Istres plant in southern France.

Armed Forces Minister Robert Galley has warned that the present total French aerospace work force of 108,000 should be cut back to 100,000 by the year's end, preferably through normal attrition and early retirement, rather than layoffs. He warned that hours worked on civilian aircraft production could drop by a third.

BLACKMARKETING IN HOME HEATING OIL AND DIESEL FUEL

Mr. PERCY. Mr. President, it has come to my attention that illegal practices involving the sale and use of diesel fuel may be diverting as much as $1 billion a year from State and Federal taxes. In the State of Illinois alone, about $100 million a year might be involved. The reason? Home heating oil and diesel fuel look and function the same, but there is one fundamental difference; the diesel fuel is subject to a 12-cent-a-gallon tax, while home heating oil is not. The result has been a blackmarket to avoid paying the taxes. Not only is this practice costly in terms of tax dollars but it also disrupts the allocation of fuels leaving consumers of home heating oil with a less share than is rightfully theirs.

What can be done about this? According to Mr. James Vlazny, representing the Morton Chemical Co. in Chicago, a simple change in color of the diesel fuel would be enough. The dyed fuel could easily be checked at truck weighing stations. This method has already been very successfully carried out in Canada and in a letter to Mr. Vlazny, Mr. Paul Moreau, Assistant Deputy Minister in the Quebec government, points out that the color program increased tax revenues by 42.1 percent between July 1972 and July 1973. In addition, the audit staff could be reduced by 50 percent.

Mr. President, I ask unanimous consent to insert in the RECORD an article, "Lost—$100 million in diesel fuel taxes" by Bernie Swart, regarding blackmarketing practices in home heating oil and diesel fuel as well as a letter, dated December 20, 1973, to Mr. James Vlazny, the Morton Chemical Co., Chicago, Ill., from Mr. Paul E. Moreau, Assistant Deputy Minister, Government du Quebec, regarding the results of dyed diesel fuel in Canada.

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

LOST $100 MILLION IN DIESEL FUEL TAXES

(By Bernie Swart)

Illegal practices involving the sale and use of diesel fuel are diverting at least $100 million in taxes from state and federal tax coffers.

This figure may go as high as $1 billion a year, according to Albert T. Stoessel, an Iowa oil dealer and past president of the Iowa Petroleum Association. Stoessel estimates his state alone is losing more than $50 million a year in fuel taxes.

The taxes are lost, according to Stoessel, when Number two heating oil is substituted for diesel fuel. The two fuels are almost identical in chemical composition. Stoessel said, although diesel fuel is heavily taxed while home heating fuel is not.

The tax dodge works several ways, according to Stoessel. Some fleets knowingly buy untaxed heating oil at a bargain price in order to beat the fuel tax. In some cases, drivers buy untaxed heating oil rather than diesel fuel, turn in falsified fuel receipts, and pocket the difference. In other cases, independent service station operators will substitute heating oil for diesel fuel, collect, and pocket the taxes.

According to Stoessel, lack of supervision of stations by refinery companies is a factor that makes for easy chiseling by some gas station operators who sell to fleets. However, because most stations are lessee-operated, effective policing often proves extremely difficult.

In still other cases, Stoessel pointed out, what started out as a tax dodge ends up in out-and-out theft. He cited as an example the fuel oil delivery truck driver who shorts homeowners on deliveries and sells the surplus fuel oil to independent station operators, who, in turn, sell it to truckers as taxed diesel fuel. Or, bargain-priced diesel fuel may be heating oil that was stolen from an oil distributor's tank with the collusion of employees. Finally, the bargain-priced diesel fuel may be hijacked heating oil, or it may actually be diesel fuel obtained by a driver who makes a habit of shorting trucking companies on diesel fuel deliveries.

Several midwestern tanker truck drivers confirmed these theft techniques as authentic and added their own experiences.

All fuel delivery trucks aren't metered and comparatively few oil distributors use meters with split loads. But even if they do, the procedure can still be beaten and provide extra gallons to be sold by the drivers through shorting large heating oil users.

One way this is done: Air can be pumped through the meters via the power takeoff unit by connecting the pumps to an empty compartment on the tanker. The meters register as if fuel is being pumped through them. Therefore, the customer gets a metered receipt for gallonage he did not receive and the driver has extra gallons to sell for himself.

If the customer double-checked the delivery with his own "stick" reading he'd spot the inaccuracy. But drivers are wise to who checks and who doesn't. Some large heating oil customers who should know better are regularly gypped this way. One police barracks in the midwest is regularly shorted because no one checks deliveries, fuel oil drivers said.

Here's another way drivers cheat both customers and fleet management: A driver delivers diesel fuel to a service station, and charges the correct price. Then he makes deliveries to private homes for heating use. At the end of the day he destroys the legimate gas station tickets, makes out fake tickets for home deliveries and pockets the difference. Drivers say that it's easy for them to obtain stacks of blank receipts from their companies.

After shorting large users of heating fuel, drivers may sell a couple of hundred gallons to a friend at a gas station for as low as 10¢ per gallon.

Then again, some of the racket happens because many service stations neither check diesel deliveries nor order correctly. Often they may order too much for their tanks, so the driver fills them to the brim and keeps the extra gallonage. The service station pays for the amount it ordered.

Both federal and state taxes are beaten this way, many times with apparent knowledge of trucking company management, the drivers say.

According to drivers, instructions at several tanker outfits are that if they have fuel left over—meaning some users may have been shorted—they are to bring it back and place it in the company's storage tanks. The drivers claim that trucking management seldom asks the reason for the overage.

Although the fuel tax problem takes on national proportions, enforcement is apt to be lax. Little interest is shown by most county, state, and federal officials, and most state legislators aren't excited by the situation. The federal government prefers to leave fuel tax collection to the states, and performs little auditing.

In Chicago, John A. Ainlay, executive secretary of the American Petroleum Institute, commented, "Experienced tax men are almost unanimous in their opinion that nothing will improve diesel fuel tax collections more than a rigid enforcement program backed by an adequate force of fieldmen and auditors."

Stoessel, owner of the Albert Stoessel Co., in Ottumwa, and the oldest fuel oil dealer in the state, has been the sparkplug of much action against diesel fuel fraud, even though he is 77 years old. He recently charged the Iowa Petroleum Council's Tax Evasion Committee with making "no effort over the past 12 years to assist the revenue department to collect the diesel fuel tax."

"Many major interstate truck operators take advantage of the fuel tax situation on a large scale," Stoessel told Fleet Owner. "This would include drivers as well as moonlight operators. However, I don't think trucking companies or private fleets have anything to do with setting up illegalities."

Stoessel told the Iowa Petroleum Council that one major refinery "sent a letter to all of its dealers in the U.S., telling them to stop selling fuel oil to truckers for use as diesel fuel. The letter received prominence in some of the oil trade publications in 1971, and shows to what extent this evasion has gone."

Supporting Stoessel in his claim that the situation is serious, is a 1970 Iowa State survey of the number of miles trucks travel in the state. According to that survey an estimated $13.5 million in diesel fuel taxes is being lost annually.

According to Stoessel, the largest petroleum market price listing indicates diesel fuel in 32 cities costs 12c to 14c more per gallon at the pump than in Iowa, where prices run from 25c per gallon for less than 50 gal., to 23c per gallon for larger quantities. The price difference, he said, could indicate that the Iowa tax is not being collected equally.

Checking with Stoessel at press-time, Fleet Owner learned that diesel fuel was still selling for 23.9c per gallon in the Ottumwa area. This is below the price at which he says he can buy diesel fuel in transport quantities. The inference is that some dealers are not paying taxes and forcing others who are to lower their prices to stay in business. If diesel fuel taxes were collected with the same efficiency as gasoline taxes, Stoessel added, diesel fuel taxes in Iowa could be reduced 2c a gallon.

Stoessel has long advocated that truckers be permitted to buy fuel at the pump without paying taxes, in exchange for a single report and a single tax payment at the end of each month. He feels this type of system would eliminate much of the diesel fuel fraud now existing in Iowa and other states.

Labeling estimates of $100 million in state and federal tax losses as "very conservative," Carl F. Schach of the Iowa Highway Commission claims Iowa's 1970 diesel fuel tax collections amounted to $10.8 million, when it should have totaled $24.3 million. Iowa's diesel fuel tax collections jumped to $12.5 million in 1971, but still short of what Schach says they should be.

"Iowa has little or no requirements to differentiate between diesel fuel used for non-highway purposes," Schach said. "The bulk station operator, the tank wagon operator, or even the retail dealer makes this determination. All they need to do is to make a fake set of receipts or records, and no tax is paid."

Schach kicked over a hornet's nest in 1970, when he suggested that trucking associations stop "defending every moonlighter who gets involved in fuel tax violations." The associations don't defend them in any other instances, he said.

Answering protests from the American Trucking Associations and the Iowa Trucking Association, Schach said, "Trucking companies that choose to belong to state and national associations are generally straight-forward business firms. However, the organized trucking industry does not represent a majority of operators on the American highway today." Schach added that he intended no inference that non-membership indicated questionable conduct.

"Each time someone avoids the payment of his fair share for road tax use," he continued, "all users are deprived of the use of an improved facility. In defense of the trucker when he pulls into a station, what assurance does have that the 8¢ per gallon of diesel fuel tax he pays ever gets turned over to the department of revenue?"

Don Briggs, Iowa director of revenue, says his department is conducting a three-year auditing program of trucking operations in the state. By the end of last spring, he said, 140 carriers had been audited, and each one ended up paying an average of $1,200 in additional taxes. If this percentage holds true throughout the program, Briggs said, the state should reap an annual $3.6 million in additional taxes. These efforts may be starting to pay off. Iowa diesel fuel collections for the first half of 1972 show a tax gain of $1,096,626 over 1971.

Briggs appears to be taking a careful, conservative look at the problem, challenging unsubstantiated figures and loss estimates. He is interested in determining whether certain changes in the law would improve collections without hurting the trucking industry. Efforts are also being made by the IRD to simplify reciprocity, increase cooperation with other states, reduce the trucker's information burden, and create uniform reports and filing dates.

"The trucking industry is not fighting us," Briggs said. "They don't like the violations either."

Because of weak enforcement and truck traffic three times greater than Iowa's, Illinois may be losing up to $100 million a year in diesel fuel taxes.

Even though there has been some progress in the Illinois battle, Revenue Director George E. Mahin said many of the tax dodges used in Iowa are also present in Illinois. Very prevalent in Illinois, Mahin claims, is the practice of shorting large motor carriers on fuel deliveries in order to obtain diesel fuel for untaxed sales.

To thwart this practice, Mahin said the department of revenue has cracked-down on oil distributors pumping diesel fuel directly from tankers into the tanks of groups of trucks on the streets and in terminal yards. One such "mobile" operation operated in the old Chicago Stockyard area. This practice, Mahin pointed out, avoids payment of 7.5¢ per gallon in state tax, 4¢ per gallon in Federal tax and 1.5¢ per gallon in sales tax.

In Georgia, the Motor Fuel Tax Division of the Department of Revenue actively enforces the payment of fuel taxes. The department is currently investigating a misbranding case in which the suspect oil dealer has been under surveillance for several weeks.

"From time to time we run into these situations," Georgia Revenue Director Curtis Modling said, "and most of them occur around the borders of the state."

In a recent action, Modling's division rendered an assessment of approximately $104,000 against an agent of a national service station chain. Filed in the Carroll County (Ga.) Supreme Court, following an audit, the suit charged the station operator with failing to pay state taxes.

New Jersey is also becoming more active in clamping down on fuel tax violators. One recently investigated case involved a sand and gravel fleet making suspiciously large purchases of heating fuel during summer months.

Large-scale fuel tax evasion exists in Maryland, despite an energetic campaign by John K. Coleman, gasoline tax division chief, who has increased diesel tax collection more than $300,000 in each of the past three years. Coleman's crack-down—one of the most effective in the nation—is aimed primarily at mislabeling and fuel adulteration, and involves heating fuel oil distributors, service stations, and truckers who buy heating oil or untaxed diesel fuel.

Working very closely with the Internal Revenue Service and FBI, the Maryland Revenue Department is now involved in investigations in Maryland, the District of Columbia, Norfolk, Va., and New Jersey. Coleman insists that fuel tax evasion exists in every state, even though state officials don't know it. In Maryland, Coleman has noted an increase in violations in all fuel tax categories including violations by truckers.

Maryland truck consumers of diesel fuel are licensed and must post surety bonds. Under this procedure, Coleman explained, diesel fuel ordered from a supplier is placed in the fleet operator's underground storage tanks, and the fleet operator pays for it minus taxes. Each month the trucker files a report with the state tax commission, indicating his inventory, additional purchases, and the tax he owes. These reports are computerized and show a 24% gain in collections of diesel taxes as of July 1972, compared with the 1971 period.

Although some licensed fuel distributors in Maryland are permitted to blend and compound petroleum products, Coleman said, service station operators cannot, and there are severe penalties for violations of this law. And under Maryland law all additives must be added at the refinery to prevent customers from being defrauded. Nevertheless, he added, many investigations of diesel fuel tax evasion turn up incidents of fuel adulteration by water or other foreign substances.

Coleman told Fleet Owner that the problem of fuel tax evasion is not so much with regulated motor carriers as it is with owner-operators and small truckers. "Legitimate truckers," he said, "favor our activities and will often loan us trucks to use in an investigation." Many times, he added, fleet drivers and owner-operators will notify officials if they discover an "obviously suspicious deal." Coleman's staff includes 32 auditors plus 16 inspectors.

Much of Coleman's investigation has been undercover, using trucker informants, hidden cameras, tape recorders, and state troopers planted as gas station attendents. Coleman said hijacking accounts for a substantial diversion of fuel in his state. He cited a few recent investigations by his department:

Truck drivers reported a Baltimore heating oil firm which they believed were shorting certain government and industrial users. Subsequent investigation by Coleman's office disclosed that the firm sold more fuel than it had a record of purchasing. Further investigation revealed the distribution operation, over a two year period, resulted in certain military bases being charged for some 500,000 gal. more than they received.

Military Intelligence aided Coleman's department in an investigation that cost the distributor $21,000 in fines and a trucking company $29,000 in fines. One of the military installations recently shorted on deliveries was the U.S. Naval Academy at Annapolis.

A 1971 investigation revealed a Baltimore service station operator was selling fuel oil to steel-haulers and owner-operators. Because he was passing the fuel oil off as diesel fuel and selling it without paying diesel fuel tax, the service station operator was arrested on charges of filing false tax reports, re-branding, and tax evasion, and was hit with a lien of $127,000.

In another of Coleman's cases, eight state troopers uncovered a re-branding operation involving a long-haul trucking company operating between Boston and Florida, and a truck stop. Arrests were made and assessments of $70,000 each were levied against the trucking company and truck stop operator.

Another case broke when FBI agents, working on a hijacking case, noticed a heating oil delivery truck making "midnight" deliveries to a truck stop. Further investigation revealed the truck stop had sold between 500,000 gal. and 1.5 million gal. of heating oil to unsuspecting truckers. Although the station operator claimed his records were destroyed by fire, he was convicted and fined $70,000.

Coleman also described a case in which an abandoned, weed-covered truck terminal in the Curtis Bay area of Baltimore was used as a "drop" for home heating oil by delivery drivers who shorted their customers. The heating oil was sold to "gypsy" truckers at bargain prices.

This system was able to operate, Coleman said, because so few residential and industrial users of heating oil bother to check their fuel indicator gage after a delivery.

In this connection, Coleman suggests that fleet operators buying bulk fuel check delivery tankers when they arrive to make sure they are filled. Tanker compartments should be checked again after delivery, to make certain they are empty.

To encourage more uniformity in state specifications and enforcement programs, the State of Maryland invited eastern corridor states to a fuel tax evasion seminar in 1970, to discuss the whole spectrum of plugging holes in fuel tax laws. During the meeting, about 18 states said they had enforcement programs, but only four states were able to prove they had effective programs. Some states didn't even own a pair of binoculars for surveillance work!

Tax officials were shown copies of a "crime manual" prepared by Coleman's department complete with photographs made by hidden cameras, outlining the various ways of preventing fuel tax evasion. For more than a year now, Coleman has been involved in writing a new manuel, one dealing with future state specifications for diesel fuel and heating oil.

Fleet Owner's research shows that two enforcement problems continue to exist:

The federal tax authorities are riding on the coat tails of state enforcement and doing comparatively little on their own.

Secondly, oil companies generally cannot effectively police the stations that carry their names because the dealers or operators are technically independent business men, operating under a lease arrangement. Coleman says, however, this may change in the future because oil companies appear interested in buying back their stations.

In addition, the oil companies are marketing "secondary" brands in new stations under direct company control, competing against regular brands in some areas.

Several recent developments will affect Maryland's diesel tax collection efforts.

As of 1973, Maryland tax authorities will not accept major oil company credit card receipts as evidence that taxes have been or will be paid. The state prefers meter imprinted tickets or statements which must be signed by company presidents under penalty of perjury.

In this connection, several Maryland gas stations were accepting competitive company gas credit cards when offered by truckers. Later these cards were taken to another

state and cashed in at other service stations at a discount.

Coleman points out that there have been instances at so-called truck stops in Louisiana where prostitutes were available and their services charged through the truck driver's company credit cards. The "special services" were billed to the trucking company as gallonage placed in the truck's fuel tank.

A signed and witnessed statement obtained from a Florida owner-operator by the Maryland Gasoline Tax Division also indicates that prostitutes were available at a Georgia truck stop where fake Maryland and Delaware fuel tax receipts were readily available to truck drivers.

Maryland is also starting to generate a microfilm file to be placed at all of the state's truck weigh stations. The file will contain the names of truck fleets who haven't paid their fuel taxes.

The situation can only be truly corrected by a combination of state and federal teamwork, together with new efforts and understanding by the major refineries. The trucking industry must also recognize its responsibility in remaining above reproach to eliminate the possibilities of restrictive tax legislation.

GOUVERNEMENT DU QUEBEC,
MINISTERE DU REVENU,
Quebec, December 20, 1973.

Mr. JAMES C. VLAZNY,
Morton Chemical Co.,
Chicago, Ill.

DEAR MR. VLAZNY: In answer to your letter of December 13, 1973, in connection with our marking program of heating oils, I take pleasure to give you some information on the progress of this program.

Firstly, I am glad to say that we are very enthusiastic about our coloring program which has already brought a substantial increase in our monthly revenues as revealed by the following statistics:

	Revenue diesel tax, 0.25¢/gal	Increase (percent)	Revenue diesel tax, 0.03¢/gal
July:			
1972	$3,576,475		$150,366
1973	5,083,110	+42.1	188,388
August:			
1972	4,525,441		143,542
1973	6,079,910	+34.3	107,738
September:			
1972	4,712,599		148,924
1973	5,907,999	+25.4	165,807
October:			
1972	4,306,273		149,282
1973	6,144,371	+42.7	222,423

It has been estimated that we were losing about $25 million a year on diesel tax. We are confident that additional revenue from $15 to $18 million will be recuperated in the first year of operation and the $25 million target should be reached in the second year when the control and enforcement of the Act are fully put into force.

In order to appreciate fully the benefits derived from our dyeing program it must be taken into account that our Quebec Department of Revenue has for years made constant efforts to crack down on motor fuel tax dodgers. The following statistics in our revenues over the last five fiscal years are self revealing:

Year	Revenue diesel tax, 0.25¢/gal	Increase (percent)	Revenue diesel tax, 0.03¢/gal
1968/69	$24,094,533	−3.75	$2,228,467
1969/70	28,583,879	+18.6	2,272,121
1970/71	35,336,208	+23.6	2,122,792
1971/72	39,399,847	+11.5	2,172,941
1972/73	43,679,612	+10.7	2,053,005

It is our contention that the major increases in 1969/70 and 1970/71 were the direct result of aggressive investigation programs, court actions and prosecutions against tax evaders.

In order to achieve these already encouraging results we use to have an audit staff of 95 employees; i.e., 25 professional auditors and 70 audit agents. After July 1st, 1973, we have engaged 25 inspectors to check in the field the illegal use of colored fuel in self propelled vehicles. Besides our audit staff of 95 auditors and agents, from 10 to 12 special agents of our Special Investigation Branch were continuously engaged in investigation fraud cases, rackets in the illegal use of fuel oil and in building up cases for prosecution.

We honestly believe that after we have completed our audit programs related to the application of our former Fuel Tax Act we will be in a position to gradually reduce our audit staff by fifty percent.

Should we be able to attain this objective our cost for the dye and compensation paid to the oil companies will be compensated by a reduction in our operating cost. According to our estimate our cost for the dye would be around $270,000 for 12 months, this for the marking of 1.6 billion gallons of fuel oil.

In addition we are paying the oil companies a compensation of 0.01¢ per 100 gallons for the coloration, i.e. an additional $160,000 per year. This compensation is being paid to cover any extra storage tanks and facilities paid by the oil companies as well as operating cost related to the marking program.

The overall cost of extra storage facilities and equipment for the coloration (mechanical injectors and equipment) has been estimated at $3.5 million for the whole petroleum industry. This estimate was determined after a detailed study and discussions of the additional facilities needed with officials of the refiners, importers and wholesalers. The original cost claimed by the petroleum people was $21 million.

Although, at first, we have faced a strong opposition on the part of people of the petroleum industry we have since received a very good cooperation after our regulations were published late in March 1973. The marking of fuel oil was in full operation on July 1st, 1973. As a temporary measure we have accepted that the dyeing of fuel oil be done by hand at the refineries and terminals. The oil companies are now completing the installation of mechanical injectors and by the end of December or early in January the coloring will be done and controlled entirely by mechanical equipment.

We are fully satisfied with the use of your Blue #10 dye and the tests to the laboratory are quite conclusive so far even on illegal blending of 5% colored fuel with clear diesel fuel.

We have now 25 cases pending before the Courts for illegal use of colored fuel, besides we won our first case in Court on a charge of illegal use of colored fuel; the trucker was sentenced to a fine of $200.

For your information, you will find attached clippings of the publicity we had on our court cases against people with heavy criminal records engaged in fuel oil rackets. We have evidence that these operators were closely linked with ranking members of the underworld in Montreal, same being well known to be related with crime families of the Casa Nostra of New York and Buffalo.

We are glad that our marking program has already closed the door to a number of existing rackets. We are also confident that we now have the necessary tools on hand to exercise a good control over the illegal use on non taxable fuels especially in the present fuel crisis period where diesel oil sells at high price.

Should you need additional information do not hesitate to call on us at any time.

Best regards,

PAUL-E. MOREAU,
Assistant Deputy Minister.

SENATE FAILURE TO ACT ON THE GENOCIDE CONVENTION: SHAMEFUL DISREGARD OF RIGHTS

Mr. PROXMIRE. Mr. President, the Senate lost an important opportunity to place itself in the vanguard of human rights when it was unable to invoke cloture on the filibuster against the Genocide Convention. I was, of course, gratified that over half of the Senate voted in favor of cloture, although we lacked the necessary two-thirds.

This lack of leadership was excoriated by the Milwaukee Journal in a recent editorial. I ask unanimous consent that this excellent editorial be reprinted in the RECORD.

Mr. President, this important human rights document has been endorsed by every President since Truman. It has been ratified by all of our major allies. It remains imperative that, although we were not first in ratifying this Convention, that at least, the United States not be the last.

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

[From the Milwaukee Journal, Feb. 9, 1974]

SHAMEFUL DISREGARD OF RIGHTS

If the US is as committed to human rights as its citizens would like to believe, then the Senate's refusal to vote ratification of the United Nations treaty against genocide is a national disgrace. Conservative Southerners and Republicans are again responsible for the Senate's failure to act on the treaty which President Nixon and his last two predecessors endorsed.

The internal credibility crisis that so troubles this nation thus is deepened on the foreign front. This country should leave no doubt about where it stands on the criminality of any attempt to wipe out whole groups of people on ethnic, religious or racial basis. The genocide convention aims to set up international machinery to prevent and prosecute such violations of human rights.

Opponents say that the treaty would subject US citizens to trial without benefit of constitutional safeguards, and could mean the surrender of national sovereignty over internal crimes. Hitler might well have used the same arguments to protect Nazism from having to answer for extermination of the Jews. So could other nations since then, which have persecuted or taken revenge on whole groups of people.

By shamefully dragging its feet on ratification for 26 years, the US has placed itself in the camp of those who flout the very concepts on which the US Constitution was based. Those who believe in human rights for all should try again.

ALEKSANDR I. SOLZHENITSYN

Mr. BROOKE. Mr. President, many attempts will be made in the next few months to assess the contribution of Aleksandr I. Solzhenitsyn to mankind's unending quest for freedom. Although I expect that words uttered or written will prove inadequate to this task, I am com-

pelled by my respect for the courage and intellectual honesty of this man to join in the chorus of praise.

Today in the New York Times the following poem appeared:

Destroyed by humiliation,
and not simply by destruction,
a man still rises up sometimes
and threatens all of them,
all of them
who humiliated him in the
belief
that they were destroying
him completely.

But he who has been humiliated,
trampled upon,
slandered,
whispered against,
still retains
like a gift bestowed by God,
the answering blow.

There remains the bitter-salty
sour-sweet
taste in his mouth
and—the green leaf of hope
aspiring to the heights.

While not mentioning Solzhenitsyn by name, these verses speak clearly of the challenge he throws at the nameless bureaucrats that have sought to still his dissent—at the system he rightly calls into judgment before the bar of humanity. That system cannot rationally respond to his challenge—it strikes back by exiling this man who loves his land so deeply as to risk everything to alter intolerable conditions imposed by an elite authoritarian minority.

The exiling of Solzhenitsyn indicates that the Soviet system, while no longer relying on mass terror and assassination to quell dissent, has yet to find a means to deal humanely with its internal critics. As the Economist points out:

What is revealed by the Soviet regime's handling of him is its inability to answer an argument with an argument, to tolerate a political debate, or to deal with a critic otherwise than by trying to silence or remove him.

If such "tolerance" ever becomes a working reality then and only then will we be able to say that a true "détente" exists. If that happens Aleksandr I. Solzhenitsyn will rank as one of its prime creators.

Presently, there is a danger that Solzhenitsyn may be "buried" by the weight of well-meant but ofttimes insensitive adoration given him by people in the West. In Russia he exhibited an independence of mind for which we all honor him. Would it not be appropriate to control our enthusiasm and allow him time to come to grips with his new situation relatively free from pressures of excess publicity or overzealousness on the part of well-wishers? Would this not be the best way to express our respect for his right to make his own independent decisions?

There is also the danger that the justified focus on Solzhenitsyn may cause some to ignore the fate of other dissidents in the Soviet Union. Andrei Sakharov, Andrei Amalrik, Valery Panov and his wife Galina Rogozina are only a few of the many Russian dissenters who are still subject to direct intimidation by the Soviet authorities. There also remain in Russia the many thousands of Soviet Jews who desire to emigrate but who have so far been unable to do so. The greatest honor we can offer Solzhenitsyn is to press the Soviet Government to abandon its repressive activities regarding these individuals.

Recently Solzhenitsyn said that he has as much right to live in Russia as those who had "the audacity to physically throw me out." With his demonstrated love for his homeland I wonder if he is not more entitled to that right than his persecutors. We must all hope that one day in the not too distant future he will be able to return to Russia and be accorded the basic respect for his individual dignity that must ultimately be accorded all men if we are to dwell in peace on this earth.

Mr. President, I ask unanimous consent that several articles regarding Solzhenitsyn and one on Valery Panov be printed in the RECORD at this point.

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

[From the Economist, Feb. 16, 1974]

THE MAN THEY COULDN'T LIVE WITH

The Soviet government evidently decided that it simply could not afford to throw the author of "The Gulag Archipelago" into prison, or into one of the notorious "special hospitals" in which it locks up some of its critics against whom it is difficult to bring criminal charges even under Soviet law. On Tuesday a heavy squad of seven political policemen took Mr. Solzhenitsyn from his home to a secret destination—taking the usual care to prevent his wife from following them, or spreading the news immediately by telephone—but on Wednesday he was put on an Aeroflot plane bound for Frankfurt, and the West German authorities were notified of his imminent arrival. Russia has many thousands of inhabitants who would welcome a chance to leave it, but he was not one of them; he had made it very clear that, however much he despaired of his country's government, he would not choose to go abroad into exile. His expulsion was an abrupt, arbitrary and wholly illegal act.

Technically, the authorities could have easily made out a case for bringing him to trial. He had published abroad works that are banned in Russia and in which he vigorously criticises the Brezhnev regime as well as its predecessors. He had stayed in Moscow without a residence permit, and he could be accused of having committed a further offence merely because he had contrived to exist after being deprived of all officially authorised means of making a living by his writing. None of those things would be an offence in a more advanced country, but they are in the Soviet Union. He had twice ignored summonses from the state prosecutor's office and, when doing so, he had made public statements challenging the competence and legitimacy of the present judicial system.

But a trial was not on. Instead of formulating charges along any of these lines, the authorities chose to resort to the enforced physical deportation not of a foreigner but of a Soviet citizen, an action for which Soviet law provides no basis. There had been indications that they were likely to take this course, for his defiance, and their campaign of vilification of him, had reached a point at which they could hardly refrain from taking action at all; but a Solzhenitsyn brought to trial and then incarcerated was liable to prove an even greater embarrassment to them than a Solzhenitsyn living in what passes for freedom in Russia.

Not that their decision to deport him will save them from all such embarrassment. Mr. Solzhenitsyn has already spoken his mind too freely for them to count on his now falling silent out of concern for his family and friends in Russia. And even if he never added another word to what he had said and written while he was in his own country, his mere existence in exile would remain a standing reproach to its rulers. Mr. Solzhenitsyn has defended himself and his ideas with quite extraordinary persuasiveness. He may not be quite another Tolstoy, but he is very nearly in that rank, and his Christian liberalism commands a far wider audience than the writings of other brave men the Soviet government has managed to silence. The symbol is no longer obliged to shine in darkness.

But the main issue is not the accuracy of the account of Stalin's "concentrationary universe" given in his new book, or the validity of his religious views and political philosophy. What is revealed by the Soviet regime's handling of him is its utter inability to answer an argument with an argument, to tolerate a political debate, or to deal with a critic otherwise than by trying to silence or remove him. This revelation cannot make it easier for communists in the western world to maintain their solidarity with the Soviet Union. And the message will not be missed by the negotiators at Geneva who have already told Russia's representatives there that the increasing of security and co-operation in Europe requires a lowering of the barriers that isolate Russia's peoples from their fellow-Europeans.

THE RETREAT FROM KHRUSHCHEV

Stalin, who put Bernard Shaws' remark that assassination was the extreme form of censorship into hideous practice, would not have allowed a Solzhenitsyn problem to get so far. But Stalin's successors, while preferring not to have so much blood on their hands, have failed to find an alternative approach to the problem of dissent. This failure did not always appear to be inevitable. In 1962, when "One Day in the Life of Ivan Denisovich" was published in Russia with Khruschev's approval, its author did not seem to despair of his country's future. At that time he, like many others, still thought the Soviet system could be reformed from within, indeed to a large extent from above. But since then he has seen the leaders repeatedly pulling back in fear whenever any projected reforms seemed to pose a threat to their own authority. Clearly Mr. Solzhenitsyn no longer believes in the possibility of democratic evolution within the existing system. That is why he has so boldly and desperately defied the Soviet state and its laws, and has invoked the support of opinion abroad.

That opinion has shown itself to be effective in two ways. But for its influence, he would probably have been sent not to Germany but to join Mr. Andrei Amalrik and other dissenters in a Siberian exile; and the Soviet authorities would not have been obliged to organise, in their monopolistic media, a public campaign against a book which Russia's inhabitants had learned of only from foreign sources. The confrontation between Alexander Solzhenitsyn and the Soviet state system has already revealed, both to the world and to the Russians, the limitations of the liberalisation of the post-Stalin regime; and it is by no means finished.

[From the New York Times, Feb. 19, 1974]

EXILE IS FEARED AS NEXT STEP FOR THE SOVIET DANCER PANOV

Moscow, Feb. 18.—Soviet officials threatened today to take tough measures against the ballet dancer Valery Panov unless he left the country immediately without his wife, Galina, she said tonight.

In a telephone call from Leningrad to Western newsmen, Mrs. Panov, who was weeping, said officials in the visa office had

refused to let her attend her husband's interview with them. "They told me it was nothing to do with me," she added.

Yesterday the 33-year-old Mr. Panov, former star of Leningrad's Kirov Ballet, said in a statement that he feared the authorities were trying to force him to leave without his wife so that they could then accuse him of deserting her.

Some dissidents here saw the reported maneuver as a possible prelude to deportation of the dancer in an action similar to that taken last week against Aleksandr I. Solzhenitsyn.

ARREST WAS FEARED

When Mr. Panov was first threatened with "administrative measures" unless he left—at another meeting with emigration officials earlier this month—it was generally assumed this implied that he might be arrested for failure to work or be forced into a laboring job.

The couple first applied for exit visas some two years ago and lost their jobs at the Kirov. Last December Mr. Panov, a Jew, was told by officials that he could go to Israel without his wife, who is not Jewish, but he refused.

Two weeks ago they were told that Mrs. Panov, a Russian, would never be given an exit permit and Mr. Panov was warned that his own visa would be withdrawn unless he went without her. He again said he would not leave alone.

Today, according to Mrs. Panov, the officials said her husband's visa was still in force. "They told him that if he does not go immediately certain tough administrative measures would be taken against him."

"I need the help of all the women's organizations in the world to preserve my family," she said. "They are trying to split us up, but we love each other. I do not know what to do."

Mrs. Panov has been described as a potential star. But the dancers have not been allowed on a stage since their ouster from the Kirov and last year they charged they were being "professionally murdered."

[From the Washington Post, Feb. 19, 1974]

SANDS IN THE GEARS OF THE MACHINE

(By George F. Will)

Comparisons between famous faces often reveal more than words can about the history of nations.

Compare a portrait of Jefferson—untroubled, rational, confidently in possession of "self-evident truths"—and a photograph of Lincoln, etched with ambiguity. You see the difference between the innocent Republic and the torn Union.

The face of Thomas Mann—wise and ironic—was a vivid contrast to the obsessed mask of Adolph Hitler from whom Mann had to flee.

The face of Lenin was the strangely featureless, hard-eyed face of the ideologue, the archetype for our century's men of action. Compare it to the face of the man who has confounded Lenin's heirs, the magnificent, sad, wise but unweary face of Alexander Solzhenitsyn.

When Thomas Mann, the greatest novelist of his time, stepped off the ship into exile, he was a vivid symbol of the German national culture that the Nazi had to destroy. When Alexander Solzhenitsyn, the greatest novelist since Mann, arrived in Germany a few days ago, he was a perfect symbol of the rich Russian culture that is the enduring threat of the Soviet government.

The Soviet regime, today as always, like Hermann Goering reaches for a revolver when it hears the word culture. It is the nature of totalitarian regimes to wage unremitting war against the cultural heritage of the nations they capture.

All such regimes assume that human beings are infinitely malleable. The regimes seek to impose total control over the citizens in order to mold the "new Aryan race" or the "new Soviet man." And a nation's culture—the values and visions of the enduring society—as an obstacle.

Thus it is wildly exhilarating to see a solitary representative of Russian culture—a man of words surrounded by men of vicious actions—serving as sand in the gears of the totalitarian machine.

Solzhenitsyn is guilty of what the Soviet regime accused him of, but not in the sense that Leonid Brezhenv and his associates meant the accusation. They accused him of "actions incompatible with being a Soviet citizen." As a carrier of Russian culture, Solzhenitsyn is a carrier of an anti-Soviet disease, and the crude men in the Kremlin are not too dim to understand that.

Simply by embodying the tradition of European humanism, Solzhenitsyn is subversive of a regime that depends for its long-term survival on the achievement of its long-term goal—the eradication of all ideas not licensed by the state.

The most appalling aspect of the Solzhenitsyn drama is not the behavior of the Soviet leadership, which has been about what you would expect from dumb and frightened bullies. But what excuse is there for the behavior of the United States government?

It is pathetically obvious that Secretary of State Henry Kissinger is not very interested in Solzhenitsyn's plight. Like Brezhnev, Kissinger's strongest feeling is a morose longing for Solzhenitsyn to just go away. After all Solzhenitsyn is a living reproach to the Soviet regime.

Kissinger believes that a revived anti-Communist impulse in America would be fatal to detente, as he envisions it. And he is right. Detente, as he envisions it, assumes that the Soviet regime is mellowing and that detente will make it mellow further.

The keynote of this detente is trade, with the U.S. using cheap, long-term loans to subsidize the Soviet economy. Kissinger's only hope had been to sneak this subsidy program past the American people when they were asleep. But now they are gloriously awake, aroused by the Solzhenitsyn drama. Anti-communism is becoming respectable again. For the time-being, Kissinger's plan for detente is dead.

Unfortunately, time may be on Kissingers' side. There are not enough Solzhenitsyns to keep the western public galvanized. Were he not a vivid symbol to the outside world, he would have perished quietly like the millions of faceless victims still being fed into the maw of the Soviet terror system.

Because Solzhenitsyn is famous, Mr. Brezhnev deemed it prudent to deport him rather than shoot him. But the gnawing question remains: What can free nations do for the anonymous millions in the Soviet Union who have no hold on the sympathy of the Western public?

That question is not of much interest to the current administration's architects of detente. But if the continuing drama of the Soviet dissidents can hold the attention of the American people, perhaps the next administration will be different.

THE HUMAN SPIRIT HAS PERSISTED

(By Marquis Childs)

Under the Soviet system of repression, which is a perfection of the czarist system, freedom of the individual is non-existent. When Alexander Solzhenitsyn was forced into exile, something like a sigh of relief went up that he was not subjected to another prison term in the icy hell of a Siberian prison camp.

That was the theme of his "One Day in the Life of Ivan Denisovich." That short novel of the Siberian hell was published in Moscow during the Khrushchev thaw. But as his writings, "The First Circle," "The Cancer Ward," "August 1914" and, finally "Gulag Archipelago," zeroed in on the cruelties of the system, reprisal was certain to come. These works were published abroad but not in the Soviet Union.

Solzhenitsyn's courage and intellectual integrity are beyond compare. Where freedom without responsibility often seems to degenerate into anarchy, we can have no conception of what it means to stand up to total repression that has at least the passive sanction of all but a few dissidents.

The Solzhenitsyn case cannot help but influence the course of U.S. Soviet relations. It is already being seized on by those who would end the detente and go back if not to the cold war to something very like it with an unabated arms race. Honest convictions to one side, there is political mileage in the old familiar anti-communism that today can ride piggyback on a growing isolationism.

The cry of the dissident intellectuals who love freedom. But the political issue that strikes deep is the plight of the Soviet Jews who want to emigrate to Israel.

Here, it seems to me, President Nixon and Secretary of State Kissinger can claim some progress in working out the detente with Party Secretary Leonid Brezhnev. From nearly zero four years ago, the number of Jewish emigrees in 1973 was 32,000. Injustices, cruelties, hardships among those who want to leave are still numerous.

The choice may well be between slow progress and a return to the past under a hardening of the Soviet position. From experience it is at least logical that hard-liners in the Kremlin will take over with the argument that Brezhnev's detente policy has failed to produce anything like the benefits claimed for it. The easy rationalization is that the Soviets need American technology so badly that they will yield to American pressure on fundamentals of the Soviet system.

Those who take this position and sound at times as though the United States can dictate a complete transformation of a way of life centuries old. Not only the Jews but the Catholics in Lithuania, the Uzbeks, the Turkmens, would be allowed to depart. Freedom of press and religion would be part of the new order. That Soviet communism will write its death warrant in this way, desirable as it would be, is sheer wishful thinking.

What is amazing and marvelous is the way the human spirit has persisted in Russia's in spite of the centuries of repression. The poet Oasip Mandelstam, who suffered continuous persecution, wrote poetry hailed as great as any in this century. Mikhail Bulgakov, in his novel "The Master and Margarite," portrayed a confrontation between Christ and Pontius Pilate profoundly moving. A small edition of the Bulgakov novel was published in the Soviet Union before he was put on the proscribed list.

Boris Pasternak's "Dr. Zhivago" had worldwide acclaim although it was never published in Moscow. It is a description in terrifying detail of the disintegration of a society. At one point a minor character about to be executed with other leftist dissidents makes this proud declaration:

"Don't humble yourself: Your protest will not reach them. These new oprichniki (security troops of Ivan the Terrible), these master executioners of the new torture chambers, will never understand you! But don't lose heart. History will tell the truth. . . . We die as martyrs for our ideals at the dawn of the world revolution. Long live the revolution of the spirit! Long live world anarchy!"

That revolution has been betrayed again and again and again, yet men of courage continue to defy their jailers.

[From the Christian Science Monitor, Feb. 14, 1974]

SOLZHENITSYN IN EXILE

News that Russian dissident author Alexander Solzhenitsyn was to surface in West Germany, following his arrest a day earlier in Moscow, brought a wave of relief to his followers in the West. Imprisonment, torture, internal exile within the Soivet Union, had been feared for him. Solzhenitsyn himself had so drawn up his resolution into a rock ("I leave them the simple possibility of being caught out in the open: to kill me quickly because I have written the truth about Russian history") that extreme action was the only possible response.

That extreme action also, however, had to take account of the serious foreign reaction that would have followed any attempt to subdue Solzhenitsyn by the Soviet court and prison system. Not only would progress in detente have been jeopardized at such settings as the European conferences on security and troop cuts and the U.S. Congress, where vital military and trade negotiations are at stake. But the standing of the Soviet regime among Communist parties elsewhere would have been devastated.

On two counts, then—Solzhenitsyn's personal safety and Soviet external relations—his expulsion via West Germany was a merciful and well calculated decision.

Nonetheless other issues remain. High among them is the safety of Solzhenitsyn's wife and young sons. One hopes they may forthwith join him. It would be spiteful and mean beyond countenancing for the Soviets to treat the Solzhenitsyns as they have the Panovs, the married dancers only one of whom has been granted permission to emigrate.

Expulsion must also count as a loss in Solzhenitsyn's fight against the Soviet system. His reputation can be more easily slandered. Like all dissidents, Solzhenitsyn may have been more effective against his opponents had he stayed in their midst.

True, Solzhenitsyn played his hand here well. He forced the authorities to expel him. It cannot be said he sought safety in the West. He has repeatedly refused such escape since he locked horns with the regime when he won the Nobel Prize three years ago. He refused then to leave the Soviet Union to go to Stockholm for fear he would not be readmitted.

His cause is not ended. Rights of the individual in the Soviet Union are still abused, if less so than in Stalin's time. Solzhenitsyn says of the Soviet system: "There is simply a wall. And its bricks are laid in a mortar of lies. . . . A powerful state towers over its second half century, bound with hoops of steel. The hoops are there indeed, but not the law."

Solzhenitsyn in exile would know that he was safe not because of the system but for external reasons. His countrymen remain within the bounds of steel.

It is this profound compassion for his people, matched by his courage and literary powers, which puts Solzhenitsyn in the great tradition of Russian writers.

It is not a light jest one hears: That a hundred years hence a Russian boy will ask his father, Who was Leonid Brezhnev? And his father will answer, he was a politician who lived in the time of Solzhenitsyn.

Even in exile, Solzhenitsyn's work will remain a tower of reproach to the Soviet system and of truth for the Soviet people.

POPULATION GROWTH IN HAWAII

Mr. INOUYE. Mr. President, two recent articles have been published by the Christian Science Monitor analyzing the impact of population growth in Hawaii. The questions of whether and how Hawaii might control the influx of new residents are, indeed, complex. Constitutional, legal, economic, ecological, and ethical considerations are involved. The points of view expressed in these articles must be included in any debate on this matter. Because Hawaii is not the only State which must face the issues of population growth, economic development, and environmental preservation. I request unanimous consent that the Monitor articles be printed in the RECORD.

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

[From the Christian Science Monitor]

TRADE BOOM "EAST-WEST BRIDGE"

(By Gerald V. Lopez)

What can a state do when vast numbers of newcomers threaten to change the lifestyle of the old-timers? Oregon can announce that it wants no more residents and isn't welcoming visitors but, according to Fred Smith, associate of Laurance Rockefeller and consultant to President Nixon's Citizens Advisory Committee on Environmental Quality, "Hawaii isn't so fortunate.

"Hawaii, America's front door, is the one strategic stop on the only Pacific sea and air highway to Western society, to the Western economy and Western institutions.

"The Japanese, and someday the Chinese and all the others coming on business from that rapidly emerging quarter of the world, will depend upon it because it is there; and because it has so inviting an environment, they will send for their friends.

"Hawaii cannot escape becoming the primary staging area for a growing army of pilgrims moving in both directions to build an unprecedented and crowded bridge between East and West."

Mr. Smith spent four months organizing the North American-European trade conference last year. In noting the growth of trade alliances between Western Europe and the Soviet bloc, he said, "Nobody wants to build relations with the United States.

"They all want to go it alone. They all want to become self-sufficient. That leaves the United States with Japan and China. We are going to have a vast network of trade, thinking, and social development between East and West. And Hawaii is sitting right in the middle of it. There are going to be more and more offices of companies from the mainland and Far Eastern countries opening up here. More people from the Far East will be coming here to learn Western ways."

Instead of trying to limit population, Hawaii should be planning for an increase in growth that is sure to come from the increased trans-Pacific trade, according to Mr. Smith.

The conservationist feels that Hawaii can and will be able to handle a much larger population, but it will have to do so by putting new residents—and the industry that will attract them—on Hawaii's less-populous neighbor islands. To do this their isolation must first be overcome.

"Hawaii is our only state that consists of essentially isolated segments," according to Mr. Smith. "Airline service is satisfactory; and at present freighters move—too slowly, however—over the water. But the outer islands will never develop or become socially and economically a working part of the state until there is far freer and more efficient access for people and raw materials and finished products.

"Nor will young people remain on the outer islands—and this is always a blight on the future. What is necessary is a practical substitute for the highway network that makes other states workable. The capability of surface transportation is essential," he said.

And until mobility and migration are possible, there will be no labor pool, no available variety of skills, around which to create an industrial complex.

Mr. Smith voiced the hope that the on-again-off-again ferry system between the islands would finally become a reality. Also there is a promise of jetfoils and three new fleets of international cargo ships that could conceivably open up ports in the outer islands for productive international trade.

One way Hawaii could go about taking some of the pressure off Oahu, according to Mr. Smith, is the public-benefit corporation. This nonprofit entity would be created by the state but have the fiscal and management responsibilities of a private corporation.

"This sort of device may be an answer to Oahu," he said. "Perhaps some variation of it could be used for outer-island improvement, to spur growth and encourage development.

"It could conceivably work with private industry to develop uses for thermal energy, such as food processing (which is now troubled by the energy crisis) or to capitalize on the fact that the surrounding sea is rich with food and minerals which the world needs."

As part of the corporation concept, he suggested creation of new towns—some of them satellite towns, some possibly in-town towns, but all of them designed to function as a whole.

In some or all of these new towns, the following steps could be taken.

The strategic placement of industrial sections could minimize the cost to the environment.

Systematizing local transportation and the careful placement of facilities could all but eliminate automobile traffic within the town.

A single centralized service facility could utilize advanced technology in power generation, water and heat distribution, waste disposal (solid and liquid), and recycling of sewage and other wastes.

A new type of "corporate government," along with neighborhood and village organizations, could result in democratic participation without sacrificing central leadership.

The combination of land-use controls, a new kind of financial structure, and a function-oriented governmental system would clear the way for innovations in health services, cultural, educational, and recreational resources and other activities.

A construction and development program designed and carried out in close cooperation with Honolulu would serve to relieve overcrowded areas.

The potential sources of funds for new-town development would include the established federal and state subsidies, and federal long-term loans might be obtainable. But the principal financing would come from low-interest, tax-free bonds issued by the public-benefit corporations; possible investments by private business corporations; and the cash flow generated by development and sale of leaseholds.

The public-benefit corporation's capacity to issue tax-free bonds—to the extent the Internal Revenue Service approves, of course—without increasing the state debt might promise a solution to the problem of making Hawaii a well-integrated state.

Where does all this leave Hawaii?

According to Mr. Smith, "It should be emphasized over and again that any long-term program involving Honolulu, Oahu, and the outer islands must be undertaken as a single, coordinated effort: The problems and pressures that beset the state cannot be taken apart, viewed individually, and solved as independent fragments of a composite problem.

"We are dealing with a statewide problem with closely interrelated, interdependent parts, and it can be solved only by long-range planning which considers the outside, largely uncontrollable influences that can be accommodated only in the total land mass of the state.

"It means planning and implementation simultaneously on several fronts."

HOW TO PRESERVE QUALITY OF LIFE?

(By Jesse Bowman)

These days, Hawaiians say "Aloha" with reservations. The combination of Hawaii's advantages in climate and its heavy promotion by the tourist industry has resulted in a very serious population problem. In fact, the 50th state is rapidly reaching the point where further growth means a decrease in the quality of life.

Many private and federal organizations are attempting to come to grips with the situation. Last year, the Temporary Commission on Environmental Planning introduced the concept of "overload" to describe Hawaii's housing situation—scarcity plus skyrocketing prices.

The commission's December report focuses on several issues that the state body must resolve.

The first issue was: "In order to influence population growth, should the state attempt to change federal policies on immigration to the United States and the free movement of citizens within the nation?"

The right to pass freely from state to state has always been affirmed by the Supreme Court, according to a Legislative Reference Bureau report, "In-migration as a Component of Hawaiian Population Growth."

RESOLUTION PASSED

The seriousness of Hawaii's problem is shown by the fact that, despite its present national unconstitutionality, State Sen. Nadao Yoshinga's resolution urging a limit to interstate migration was passed unanimously in the Hawaiian Senate.

The other issue spotlighted by the Environmental Planning Commission is: "Should a specific population of one million residents be established as the state's optimum resident population?"

The limit of one million was proposed in the "Maximillion Report" issued by Citizens for Hawaii. Auther Earl R. Babble wrote that although a million may be too many for the "quality of life" admired by Hawaiians, that level is a concession to reality and the state might attain a stable "maximillion" in 20 years if it starts now.

Efforts to lessen in-migration may dishearten prospective tourists—who account for a third of Hawaii's income. Mr. Thompson asks, "Is anyone aware of what our public-relations effort in the tourist industry is doing to our population growth?"

Hawaii Visitors Bureau president John G. Simpson answers that the HVB is aware of the danger. The December meeting of its board of directors was told by the Governor's Visitor Industry Council, "Unlimited expansion of the number of tourists in Hawaii is something which the fragility of our social and physical environment cannot tolerate."

The council's chairman, former HVB and University of Hawaii president Thomas H. Hamilton, added that "as long as there is population growth there will be the need for additional jobs and tax revenues. We must find a way of stabilizing population."

The directors approved a drastic shift in advertising strategy. Instead of wooing travel-industry support, a new campaign will seek to attract fewer—but more affluent—visitors.

The Legislative Reference Bureau estimates that in-migration accounted for about 40 percent of Hawaii's population increase in the '60's. So government agencies are working especially hard to discourage prospective residents from the mainland.

LEAFLET GIVES FACTS

A Chamber of Commerce leaflet, "Living and Working in Honolulu," tells facts about Honolulu's cost of living, wage rates, and job opportunities, letting the readers form their own discouraging conclusions. About housing, it says, "The average family moving to Hawaii lives in a smaller house or apartment than they are accustomed to on the mainland. The average purchase price for an unfurnished three-bedroom home varies from $50,000 to $75,000.

The State Department of Social Services and Housing has a leaflet, too. A typical quote: "Honolulu has one of the most critical housing shortages in the country. Unless you've lived in Anchorage, you've never lived in a city with a higher cost of living than Honolulu."

As Myron B. Thompson, director of the state's Department of Social Services and Housing, puts it, "How can we accept the common argument for the right to travel when it clearly infringes on the right of some of our current population to health, housing, and jobs, and all of our rights to space, clean air, and a balanced ecosystem?"

"The 'moat syndrome' is spreading," says state legislator Jean Sadako King, chairman of the House Committee on Environmental Protection, "the feeling of 'Now that I've made it, pull up the drawbridge!'"

NEBRASKA—THE GOOD LIFE

Mr. HRUSKA. Mr. President, Dr. Gilbert M. Grosvenor, the distinguished editor and vice president of the National Geographic Society, has been kind enough to send me an advance copy of the March issue of his splendid publication which contains an engrossing article entitled, "Nebraska—the Good Life."

It is written by a native Nebraskan, Robert Paul Jordan, an assistant editor of the National Geographic, and is strikingly illustrated with Lowell Georgia's beautiful photographs.

Author Jordan tells his story sympathetically, even lovingly, weaving history and modern-day events together. He writes of Nebraska's cities and its plains, its villages and its scenery, its people and its industry, its football team and its weather. He finds that:

Nebraskans dwell easily with their past. It has formed them, abetted by place and vagaries of weather, into a hardy, independent breed. These are the bedrock Americans, believers in work, thrifty, conservative, and religious folk with the pioneer spirit still strong. It serves them well.

Mr. President, Editor Grosvenor tells me that some 9 million families are members of the National Geographic Society so the article will be read widely. In order that the readers of the RECORD may share in this story of Nebraska and its people, I ask unanimous consent that it be printed in the RECORD.

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

NEBRASKA—THE GOOD LIFE

(By Robert Paul Jordan)

Across the wide Missouri at Omaha the sign announces, "Nebraska . . . the Good Life." Continuing west on Interstate 80, travelers pass the good life by.

The prairie comes right up to peaceful hamlets and friendly cities and embraces them. Windmills spin beside picture-book red barns and silvery farmhouses. Cattle graze on rich pastures. An upstart breeze ruffles tawny wheat fields; corn stands knee high in dark-green ranks, though it isn't yet the Fourth of July.

How pleasant, and how soon monotonous. The concrete ribbon stretches away, shimmering. Travelers press on: Cheyenne or bust by 6 p.m. After more than 450 miles of deep sky, cloud kingdoms, and endless horizon, the land changes its name to Wyoming.

Now, I go a more fortunate way. I turn off the superhighway again and again, a long-absent native son rediscovering Nebraska's plains and people. "We are what we are," they tell me, and I like what I see.

On the southern fringe of the Sand Hills a flotilla of pleasure craft courses a great man-made lake. At the immaculate south-central town of Minden, gay costumes whirl in Danish Day festivities. Southeast, Brownville, a cameo of steamboat days, lolls with its lavender memories. Northwest, forty-million-year-old fossils lie strewn like seashells on moonscape badlands.

Even Interstate 80 proves special. Many times I watch the cars heading west along it. And I wonder: Do those people conjure up prairie schooners rolling to empire along this broad Platte River Valley? Can they glimpse a ghostly pony express rider galloping beside them into eternity?

I remember a morning when I cut south from the prosperous city of North Platte, swinging through Frontier and Red Willow Counties, past nodding steel muleheads pumping oil beside fields of waving grain. I rounded bright and busy McCook and promptly at one o'clock—punctuality is a Nebraska virtue—knocked on a farmhouse door near the Kansas border.

Arthur Carmody was expecting me. Level of gaze, ruddy, booted and cowboy hatted, he seemed a proper Westerner even to a last touch: He was strapping a revolver on his hip.

"Might stir up a rattlesnake or two where we're going," he explained.

"You lead the way," I said, politely.

Mr. Carmody, 74, a former state senator, is an authority on Nebraska history. On a little-known battleground a few miles from his home, the hapless American Indian warred on his own kind in major battle one final time, a century ago last August 5.

We drove north in strong sun and clear air scented with new-mown hay, through the fading town of Trenton, whose board sidewalks, gone now, I had trod as a boy. Up a long hill we rode, and onto the wide divide between the Republican River and Frenchman Creek.

In the late 1800's settlers with their plows and barbed wire remade this lonely land into a checkerboard of billowing wheat and corn but rugged canyons and gullies still scribe it. Bison beyond number once roamed here. Not far from us, in 1872, "Buffalo Bill" Cody showed Grande Duke Alexis of Russia how to kill the shaggy beasts. His Imperial Highness dispatched eight, one with a revolver at thirty yards. Champagne was served.

It was buffalo that more than 300 Pawnee men, women, and children were after in this big-sky country on that cruel day in 1873. Packhorses laden with equipment, meat, and robes, the party ambled up a narrowing valley during the annual summer hunt. As they were thus pocketed, their traditional enemy, the Sioux, fell upon them, bringing death.

My historian friend led me into that grassy, yucca-spiked defile. Listening to him, the serenity about me exploded:

. . . Squaws huddle in this open pocket, cradling papooses, chanting a Pawnee war song. They do not wait long. A thousand whooping Sioux horsemen dash along the low banks, firing down into the terrified mass. The rout begins; down valley flee the victims

in horrid disarray. No attackers fall, but about seventy Pawnees are slain, two-thirds of them women and children, some roasting on pyres of flaming robes. . . .

Cattle browse today in Massacre Canyon, bawling at intruders. A small creek trickles through the lower part, shaded by ash and cottonwood. I halted there, remembering.

A decade after the battle, my grandparents settled in a sod house a rifle shot east of here. My mother and her brothers and sisters walked here. Once, as a spindly city slicker from Omaha visiting country cousins, I too splashed in this creek and captured frogs for a frog-leg feast.

I was too young then to understand, and now all is gone. All but Massacre Canyon, timeless, undistinguished from a dozen other nearby arroyos. Watching for rattlesnakes, Art Carmody and I hiked back to the car.

As we returned to Trenton, he squinted toward the west. "Just there," he said, pointing, "ran the cattle trail from Texas to Ogallala, Nebraska. Cowboys pushed longhorns over it from 1875 to 1885, stocking the new ranches on the plains, and shipping beef to the populous East, The last leg covered about 250 hot, dusty, and mostly dry miles from Dodge City, Kansas, to Ogallala. Generally it took 18 days."

Back in town, I paused in yesteryear's white-frame general store, which serves as the Hitchcock County Museum. Mrs. Grace Riley, the charming and vivacious grandmother who directs the museum, lingered in the rear of the old store, smiling.

"My stars," she said, "I can still smell the tubs of butter that stood here. People knew every lady's butter by the print she stamped on it. They always wanted to buy my grandmother's—that and her bread was her art. Now, mama never could make nice butter."

Nebraskans dwell easily with their past, I was to find. It has formed them, abetted by place and the vagaries of weather, into a hardy, independent breed. These are bedrock Americans, believers in work, thrifty, conservative, and religious folk with the pioneer spirit still strong. It serves them well.

Life remains a gamble. Hail may ruin a crop in minutes. Inflating feed costs can make livestock raising risky. Uncertain market prices pose a constant worry. Machinery can be prohibitively expensive and almost impossible to purchase. Hired help is hard to find. On balance, people remember the lean years more than the good.

Work is hard, and hours long—but some things have changed, One June day I waved down a farmer as he cultivated corn beneath a fiery sun. He jumped off his tractor, glad for the respite, a dusty man wearing bib overalls and a sweat-streaked visor cap. "I've been cultivating twenty hours day and night for a week," he said, scuffing the earth. "The corn'll suffer if I don't break up this hard crust."

On the tractor a large transistor radio squawked. "I like to listen to the ball games," he volunteered, cocking his head. "Course, you got to turn it on pretty loud. It's hard on the ears. My hired man over there"—a finger at the adjoining field—"he's got it better. You have to take care of the help."

I investigated. The hired man, a long-haired youth at the wheel of a new, enclosed-cab, $15,000 tractor, gave me a hand aboard into another world. In air-conditioned comfort we rode along the rows of corn at a steady six miles an hour. Strains of Mozart from a built-in stereo radio filled the cab.

I recalled a wheat harvest in the drought-cursed thirties. How I admired my 14-year-old cousin, Bob Walters, a six-dollar-a-day full hand driving a two-cylinder tractor. I was 12, a lowly dollar-a-day chore boy. That wheat crop failed, burned out. To help keep meat on the table, Bob and I would take the old .22 rifle down from the wall and forge for pigeons and rabbits.

A few days later I headed my car into the long green swells of the northeast. Five miles north of Beemer I pulled up at the 465-acre general farm of Mr. and Mrs. Quentin A. Bleyhl. Standing at the door, we looked out beyond the barn to fields of corn, oats, and alfalfa, pastures dotted with beef cattle, and pens where hogs took their ease.

"What you see is fairly typical of this area," said Mr. Bleyhl, "and that includes size, too. Today's laws of economics work against 80- and 160-acre operations."

Tall, smiling Ardis Bleyhl served a meat-and-potatoes dinner of harvest-table proportions that Sunday. While I devoted myself to it, she and her husband spoke of farm life.

"We've had electricity for decades," she said. "The plumbing came indoors long ago. Rural water associations lay pipelines to many farms. We telephone for market reports; our neighbors use electronic communication between field and house; our television set works fine. Milk is delivered to the door."

Many young farm wives, said Mrs. Bleyhl, no longer supplement income with their chickens and eggs. They teach school, or are registered nurses, or take jobs in town. Farm people, she continued, hunt, fish, bowl, play golf, go to movies. She herself is active in church and woman's club work.

I turned to her husband, a tanned, muscular man in his fifties. If farming is an arduous worrisome way to make a living, what is so compelling, so satisfying, about it?

"It seems to me," he answered quietly, "that if you work in industry or business, you take your living from your fellow man. But when you farm, you help your fellow man all the time."

He sat forward. "Sure, you have to wrestle with nature most of your waking hours—but you're helping nature. Sure, you may create a surplus—but not really, because somebody somewhere needs that food. I like to think that if I plant a walnut tree, somebody a hundred years from now is going to have a walnut chair to sit in."

Mrs. Bleyhl writes a sprightly, no-punches-pulled column for the *Nebraska Farmer*. "Nebraska farmers," she once wrote, "have a little different attitude toward life than . . . many other persons. Perhaps it is because, in a highly mobile society, we tend to 'stay put,' with close ties to our homes, our families, and our communities."

Departing, I surveyed the comfortable white farmhouse where such contentment abides. It was built by her grandfather in 1879. Her father, 89, was born in it. So was she.

Building on stay-put pioneers, Nebraska attained statehood in 1867. In the ensuing century she has grown into a colossal breadbasket, ranking sixth among all states in farm income, earning some three billion dollars annually.

After Texas and Iowa, the Cornhusker State raises the most cattle. She stands third in winter wheat and corn, fourth in rye and hay production, sixth in hogs. As Governor J. James Exon told me, "Agriculture—agribusiness—is our bread and butter."

I met Governor Exon in his office at the towering State Capitol in Lincoln, an architectural wonder whose gold-glazed tile dome glints at one across thirty flat, clear miles. He waved me to a chair in front of his desk, helped me set up my tape recorder, and looked into a startling future.

"Of course we hear complaints about food prices," he said. "Transportation, processing, and marketing costs are all a part of it. Why should Nebraska grow all this grain, only to ship it immediately out and let someone far away fatten the livestock?"

The state's chief executive, a ruggedly handsome man, thumped the desk. "Our goal is to feed all our grain to hogs and cattle, process the animals into meat, and supply the United States and foreign markets with the finished product."

I asked when this might take place. Governor Exon leaned back and lighted a cigar. "You can see it coming," he replied. "More and more small packing plants are being built where cattle are fattened. In 15 years we may not be shipping out a single bushel of grain. And people will enjoy the best of beef and pork at a price with less fat in it."

When I mentioned Nebraska's quiet conservatism, the state's number-one booster countered firmly: "We're very progressive as well. We pioneered in 1934 with our unicameral legislature, a one-house, nonpartisan body that now has 49 members. It is a good, neat form of government, and the people like it. Too, Nebraska is the only state with complete public power." He stood, and we walked to the door. "Our rural cast is deceptive," he said. "You'll find great diversity. . . ."

The fact is, Nebraska has a split personality. More than half her 1,525,000 citizens live in towns and cities, and seven of ten dwell in the state's moister eastern third. These are Midwesterners in outlook as well as geography, urban-suburban, many of them, and sometimes urbane. Better than half a million reside in the sprawling metropolis of Omaha. Tidy, roll-up-the-sidewalks Lincoln, the capital, is home to 160,000 more.

The West begins, some say, somewhere beyond the 98th meridian, a quarter of the way across Nebraska; the people bear its mark. The semiarid wide-open spaces teach self-containment, self-reliance, economy of speech, dislike—if not distrust—of cities. In the sparsely populated northwest, a panhandle region nearly as large as Connecticut, New Jersey, and Delaware combined, I heard occasional mutterings of secession. Out there, where Scottsbluff, population 14,500, is the largest city, Colorado and Wyoming can seem more compatible. "What," some people grumbled, "has Lincoln done for us lately?"

Where then, I asked, does Nebraska come together? Two newspaper friends supplied a surprising answer. "Football is our single most unifying force," said Hollis Limprecht, editor of the *Omaha World-Herald's* "Magazine of the Midlands." Photographer-writer James Denney added: "Everybody is very proud of the University of Nebraska Cornhuskers. NU's team serves the ego of the entire state."

I am not the man to take issue. On a November Saturday I joined the crush in Memorial Stadium at Lincoln. Surrounding me, sporting red hats, sweaters, coats, pants, shoes, yelling "Go Big Red!" and "We're Number One!" more than 70,000 Nebraskans proclaimed their loyalty.

Something like one of every twenty residents of the state came together in that chaotic scarlet sea. When they shouted the old fight song's triumphant refrain—"There is . . . no place like . . . Ne . . . bras . . . ka"—I shouted with them in full agreement. *That* was communication.

For many, NU football is a way of life. Season tickets descend through the family. Courts have decided who shall retain the tickets when husband and wife separate. People have mortgaged their homes to follow the team on the road. Around 8,000 flew to Honolulu in December 1971 for a game with the University of Hawaii.

I called one morning on Tom Osborne, NU's tall, sandy-haired young head coach. Could he explain. . . ?

"There are several reasons," he answered. "The state has been football oriented for forty or fifty years. People like winners, and we have a strong tradition of success. And there isn't much competition here for the entertainment dollar."

Coach Osborne holds a doctorate of philosophy in educational psychology. As I left, he offered a personal observation: "I meet transplanted Nebraskans everywhere. They're very loyal; they're Cornhuskers at heart. They still say, 'Back home. . . .'"

I do too, I must confess. And I believe that

Nebraska's roots go deepest along the fertile Platte River Valley. The braided river—"a mile wide and an inch deep"—bisects the state and inspired its name, from the Indian word for "flat water." Many of the cities and towns along the river began as rip-roaring railheads, end-of-line camps. Today, one sees, they move boldly toward the 21st century and carry their heritage with them.

Thriving Grand Island, for instance, the state's third largest city with more than 31,000 residents, lives by agriculture, marketing, and food processing. While there, I visited the Farrall Instrument Company. Inventor William R. Farrall's medical electronic devices—a touch-system teaching machine, and aversion-therapy apparatus—are used throughout the world to help severely retarded children and people with mental and emotional problems. Not far away, in a strikingly modern and handsome building, I found the Stuhr Museum of the Prairie Pioneer notably recording how Grand Island and Nebraska came about.

When I stopped at Kearney, 40 miles farther west, this old sentinel of the trail was preparing to celebrate its hundredth birthday. That would be fun, I thought. But Kearney State College proved more compelling to me. At its annual Midwest Conference on World Affairs, diplomats of many countries and students from throughout the state mingled freely and sought mutual understanding.

Upriver at North Platte, I discovered that this energetic city remains more than ever "end-of-line." At the Union Pacific Railroad's vast Bailey Yard, more than 4,000 freight cars are received daily, sorted, assembled into new trainings, and dispatched all over the country.

Beside this six-mile-long phalanx of shuttling monsters, I talked with Stephen F. McWilliams, a study 80-year-old retired engineer: "I started in 1911 at 15 cents an hour," he said. "I used to get the engine crews out of bed. There were few telephones in those days, so I rode a bicycle or walked to where they lived and rousted 'em out."

Times change, but Nebraskans remember. At Bridgeport, white-haired Paul Henderson seated me in his living room and casually remarked, "You're sitting on top of some of the ruts of the pioneer wagon trains. You can still see them in many parts of the state."

Mr. Henderson, 78, has seen them all. In a lifelong love affair with the historic way west, he has collected and indexed 18,000 color slides of the mighty wagon road. I spent a morning listening as he retold the epic tale.

How, before and after the Civil War as a territory and in 1867 as a state, this gently rising, virtually obstacle-free land provided a natural funnel for a United States pushing to the Pacific.

First came trappers, fur traders, and explorers, wandering through the "Great American Desert." Humanity flooded after—emigrants in white-topped wagons, soldiers to conquer and dispossess the Indians, freighters, goldrushers, railroaders, cowboys, sodbusters.

In the late 1860's, after sledges spiked steel ribbons to the treeless plains, settlers arrived in growing numbers. Many were Civil War veterans. Many were poor, ambitious people from far-off countries—Germans, Scandinavians, Czechs, Irish. Land was free for most simply by filing a homestead claim, and cheaply bought otherwise. Crops and cattle could ride the rails to market. The lack of trees for firewood and lumber didn't matter. You burned "prairie coal"—buffalo and cow chips; you cut sod into rectangular strips four to six inches thick and painstakingly stacked them atop one another until you had a house. A good house, if built right.

I thought of settlers and sod houses that afternoon, farther west in Gering. There my uncle, Fred H. Walters, and his wife, Jessie, proved up a 120-acre homestead during the 1920's, later acquiring another 80 acres. They started out in a tar-paper shack, planting trees and crops and running a few cows. That shack remains etched in my mind. I slept many summer nights beside it in a tent.

Now Aunt Jessie and I drove past the old homestead, where a substantial house nestled in a tall grove, and fertile, irrigated fields were sown to potatoes, sugar beets, beans, and alfalfa. "Oh, my," said Aunt Jessie. "I miss the old days. Pshaw. I was born in a sod house in 1900."

She tossed hair as black as when she was a belle. "Father always said that the man who couldn't build a good soddy wasn't worth sic 'em. I remember that he plastered the outside of ours, and mother tacked muslin sheeting against the inside walls and ceiling to keep out the dirt and field mice. It was cool in summer and cozy even in blizzards. When it rained, we caught the drips in pans."

My aunt sighed. "Sometimes I sat in the window beside mother's geraniums and watched twisters twirling far away."

Quite a number of soddies still exist; people live in some, while others serve as storehouses. They are part of the Nebraska pattern; they belong. And as I traveled the state in summer, fall, and winter after an absence of more than thirty years, I came upon much else that seemed familiar.

I recognized my old hometown of Omaha readily, though expressways now soared through it and housing developments had devoured cornfields on the perimeter. At the southern tip, Bellevue—a tiny fur-trading post in the beginning—had burst into a city of some 25,000, bedroom for the Strategic Air Command at Offutt Air Force Base.

Downtown, sleek glass-and-steel towers loomed incongruously above dowdy, weather-stained structures that were weary years before my day. Atop one gleaming skyscraper I dined sumptuously on perfect sirloin in the Omaha Press Club's well-appointed restaurant. From my table I gazed out on the moonlit Missouri, admiring how the river slithered between Omaha and Council Bluffs, Iowa, on the far side.

A small tow of barges slipped upstream, bound perhaps for Sioux City, Iowa. Lewis and Clark, I thought, rowed past here in 1804 toward the unknown Northwest and immortality. Half a century later, steamboats tied up at the levee by the hundreds. From the waterfront in 1865 the Union Pacific set steel ever west. Four years later the country was banded together.

Freights still roar over that roadbed. Omaha remains home to the U.P., and the Burlington Northern maintains regional headquarters here and serves Nebraska as it has for more than a century. Many new industries have come in; the city prospers. Western Electric employs the most people—nearly 7,000. Thirty-four insurance companies center here. International corporations radiate; great food processors like ConAgra, the giant construction firm of Peter Kiewit Sons' Co., globe-hopping architect-engineers such as Henningson, Durham & Richardson, Inc., and the Leo A. Daly Company.

I spent days prowling Omaha. At the stockyards, a grizzled buyer scowled. "We used to handle a lot more cattle and hogs than now," he declared, toothpick bobbing. "But we're still one of the biggest meat-packers anywhere in the country."

Yes, and some of the people who pack that meat—Poles, Czechs, Ukrainians, Germans—still hold gay neighborhood festivals on closed-off streets. The Joslyn Art Museum's fine collection honors the city. Creighton University and the University of Nebraska's Omaha campuses train tomorrow's lawyers, dentists, physicians, teachers. Ak-Sar-Ben, a nonprofit civic organization, entertains the entire region with horse racing and a fall costume festival highlighted by the coronation of a king and queen; proceeds pay for educational and cultural programs.

One goes home again, it is true, at some cost. Memory carries a sting. Back in the twenties, I recalled, Omaha's official quartet, the Keno Four—with my father singing bass—always rendered its jaunty theme song to warm applause: "Omaha, Omaha, finest place you ever saw. . . ."

Poetic license, certainly, but less so then than now. Today, disadvantaged people live in a ghetto on the near-north side, and dismal turn-of-the-century brick warehouses step back from the waterfront. "Downtown Omaha," Mayor Edward Zorinsky told me, "has been deteriorating for years."

A face-lift is needed. The operation begins as you read this. For openers, headache balls are to level seven square blocks near the river. Something of a miracle promises to galvanize my tough old hub city and the wide area she serves.

Eugene A. Leahy, the dynamic former mayor who heads the Riverfront Development Foundation, related the details one afternoon as we strolled the Missouri's banks. "A whole new life-style," he declared, "is coming to the downtown area—tall office buildings, smart hotels, apartments, townhouses, a university campus, all tied in by a mall of walkways, trees, and pools. And a 'marina city' will bring pleasure-boating to the front door."

Gene Leahy was merely warming up. He swept an arm along the river. Omaha, he went on, will serve as the focal point for an even larger development: a linear park and 54 miles of scenic highway on the Nebraska side and 90 on the Iowa side. Industrial parks, new housing, motels, and restaurants will be built. The project involves six counties and six cities and towns in the two states.

Next morning I cruised the waterfront in a trim houseboat, trying to envision the sparkling skyline that would rise here. Alden Aust, the city's quiet-spoken planning director, accompanied me. Spray kicked up in our faces as we chopped through a towboat's wake, and a small excursion boat loaded with waving children churned past. Otherwise, the river was empty.

"Long ago," Mr. Aust observed, "people turned their backs on this beautiful river. Now they are returning. Private investment and public funds both will pay for this recycling of a city and a region. A billion dollars may not be enough. We've drawn the basic plans. Our target date is 1985, but the program could go on for decades."

Omaha goes its own way. It looks east to Iowa, north to Minnesota and the Dakotas, south to Missouri and Kansas, and—of course—west to Nebraska.

Lincoln bespeaks for the Cornhusker State far better. As the state capital and university seat, it provides an excellent cross section.

I stayed in the capital several times, and found it making few pretensions. At base, it seemed little changed from the city I lived in during my years at Lincoln High School. A well-kept, small-town kind of place, it acts as market, rail center, grain storer, banker, maker of golf carts, home of insurance companies. More than 160 churches rise above its quiet streets—one for every 1,000 persons. Families play and picnic in 48 parks, covering 4,555 acres.

With each of my visits, the city's face seemed more youthful. New industry has found Lincoln in recent years—IBM, Addressograph Multigraph Corporation, Square D Company, Control Data. Now construction was catching up. I watched bulldozers shifting earth for a two-block federal office building; work was under way on a 250-room Hilton Hotel; plans for a bus terminal-parking garage were completed; new entertainment centers and restaurants opened.

Properity, I learned, was becoming a pleasant problem. "We don't want to grow for growth's sake," asserted John R. Fraker, the Chamber of Commerce's forthright

head. "We're concerned with quality. This is a quality city."

And something more, I decided as I walked about. People had time to nod, and many to smile. When I called on Mayor Sam Schwartzkopf, he told me about an experiment he and Mrs. Schwartzkopf conducted: "One day Dorothy and I walked down O Street—the main street—and sat on the benches. We just looked people in the eye and said, 'Hi, how are you?' Seventy-five percent came right back with a friendly response."

This ready communication, the visitor sees, also flows between town and gown. Nebraska University's 21,000 students, together with 2,000 more at Nebraska Wesleyan and Union College, keep the city young at heart.

Helping keep Nebraska in the forefront of agricultural progress, I found, were two immensely painstaking scientists at NU's Agricultural Experiment Station. Through genetic manipulation, Dr. John W. Schmidt and Dr. Virgil A. Johnson work to improve wheat—staple of a third of the world.

"The object," Dr. Johnson told me, "is to increase yield and strengthen disease resistance." He held up a head of wheat in one hand, a small forceps in the other.

"Wheat, being self-pollinating, is a closed genetic system," he said. "We crossbreed—by hand—thousands of genetic entities. When a promising variety results, it is a rare recombination of the parents' best traits. If you start with 500 crosses, after selecting one seven or eight years you may have only one or two lines left."

Agronomists Schmidt and Johnson now keep tab on more than 100,000 lines in the field. Since 1954 they have named and released 17 new varieties. One—Scout—has become the most widely grown wheat in the U.S.

It was time to get back in the field myself. I put Lincoln behind and drove northwest. At Verdigre, near the Missouri River boundary with South Dakota, an unforgettable character named Alfred H. Marshall took me in charge.

Oh, he seemed like anybody else—late fifties, graying, glasses, small moustache, slightly rumpled clothes, talkative. But he turned out to be a farmer, home builder, electrician, musician, chairman of the Verdigre District School Board, husband and father, and a wide-ranging friend of man.

Six days a week, rural carrier Marshall delivers the mail to 185 farm families, many, like himself, of Czech background. In a small battered car, light flashing on its roof, he wheels over his 121-mile route—ten miles of it paved, twelve dirt, the rest gravel. He has been doing this in all weather for 37 years.

With special permission I rode beside Al Marshall a couple of days, pulse skittering with the tires as we charged over snow-slick hills—how could he be *so sure* nothing awaited us on the blind side?

"Gets to be like breathin'," he remarked amiably, swooping down on a flag-up mailbox. He reached through the car window into it. "Now *that* annoys me. Loose pennies, for stamps. They always fall out in the snow. Should be in an envelope."

If this mailman lags behind a little, picking pennies out of the snow, people along his route will be waiting by the roadside. He chats with a farmer, a grandmother in a babushka, a pretty young teacher at a one-room schoolhouse.

Should it be St. Valentine's Day, he tosses candy in the boxes for the youngsters. He knows who is ill, and who is expecting; he is a godfather many times over. He watches for the dogs that will give him a run, pulls over to hear the telephone lines humming, points to a woodland where eagles sometimes soar.

Al Marshall, in short, is a happy man. He claims he has the best job in the world. He cares, and he is by no means alone.

So, I am convinced, do the rest of his friends and neighbors in Verdigre. In 1971–72 they pitched in and raised a million dollars to make their pleasant village an even better place to live in—new elementary school, 55-bed nursing home, 30-acre recreational area, clinics for the dentist and optometrist who have been attracted here.

Last year Verdigre, population 625, was named an All-America City. You won't find a prouder community anywhere.

On the other hand, it would be difficult to discover a more moribund town than Niobrara, just 12 miles north. I came upon it moldering on the Missouri River floodplain, waterlogged beyond redemption, waiting to die and be reborn.

A spokesman for the U.S. Army Corps of Engineers gave me the reason. Gavins Point Dam on the Missouri River has backed up silt, creating a rising groundwater table. Swamps have emerged, basements are perpetually flooded, homes and business buildings suffer structural damage. Niobrara's 600 residents must move, and many are sad.

Plans to relocate were well along when I stopped in Niobrara. Townspeople had voted to settle on elevated ground just south of the present site. The Federal Government is buying all property within the town's limits, and paying all planning and relocation costs. By the end of 1975, Niobrarans may be perched high and dry in a model community. If I know Nebraskans, many will never feel the same. But they will make do.

A few days after I left the northeast, I poked into the dry, lonely high plains of Sioux County in the far northwest. Humanity gave few signs—a windmill, occasional ranch buildings. The nearest town lay miles away. Once I spied a small herd of pronghorn antelope; spying me, they fled beyond view as swift as the wind that buffeted my car.

Then I saw what I sought, a weathered old house trailer resting besides State Highway 71. I knocked; Public School District No. 77 indeed was in session. Mrs. David Hughson, the attractive brown-haired teacher, introduced me to her only pupils—brothers Kelly and Jerry Murphy, ages 12 and 13.

Two more bashful lads I do not expect to meet, or more fortunate ones in their education. Monday through Friday from 8:45 a.m. to 3:15 p.m., these ranch boys receive 35-year-old Mrs. Hughson's full but relaxed attention. They study the same things as their counterparts in city schools, turning to educational TV for science lessons.

"I've had more pupils than just two," said Mrs. Hughson, smiling. "Three, last year." A rancher's wife, she has a bachelor's degree in education. "We range here from kindergarten through the eighth gade," she said. "The first girl I ever taught just got married. My own two children never attended rural school with more than three companions. Now they're on the high-school honor roll."

Sioux County's 2,063 square miles average about one person for each square mile, which is misleading, because Harrison, the county seat and only town, has some 380 residents. Nonetheless, this struck me as massed humanity compared to what I found farther north in the sere and agonized badlands around isolated Toadstool Park. There one walks in the eerie gray-green solitude of the ages.

Over vast periods of geologic time torrents of water cut through this land. It left behind sterile buttes of sandstone and clay, deep canyons riven and twisted, serrated conical mounds, weirdly balanced rocks. "What you see," said Dr. Larry D. Agenbroad, "is untouched from forty million years ago."

An earth scientist at Nebraska's excellent Chadron State College, the young educator had kindly offered to show me this remote vestige of prehistory. He halted near the top of a large mound and pointed to a small rounded pile of white chips. "That's the carapace of an ancient land turtle," he said. "This is a bone hunter's paradise."

Countless fossil fragments wash out of the soft banks each year, Dr. Agenbroad explained, as weather erodes away an inch or two. Saber-toothed cats, camels, deer, crocodiles, others—all yield their remains here. Though it is a common discovery, I myself prize a rhinoceros tooth I picked out among fossils strewn on canyon floors. It reposes in my study now and tells me of life and struggle beyond calculable time.

The ghosts of history take many shapes. A score of miles southwest of antiquity's boneyard, we drove up to a tree-shaded camp above a small creek. Cattle drank from a pond nearby, ignoring the activity about them. I saw 20 students under Dr. Agenbroad's direction carefully excavating a site where Indians had killed perhaps as many as 400 bison—about 9,000 years ago.

"This is the third year we've excavated," he said. "We believe that a small hunting party came upon the animals, drove them over a steep bank here, and butchered them."

His voice took on a quiet note of excitement. "We're not positive yet, but we have indications that these bison are transitional between their extinct ancestors and the buffalo of today."

It seemed almost anticlimactic, later that day near the town of Crawford, to prowl through the officers' quarters and post headquarters building—now a museum—of Fort Robinson. This defunct outpost on the plains lived by the bugle from the Indian wars of the 1870's through World War II. Nebraska now owns 13,000 of its acres.

The Nebraska State Historical Society, a dedicated and professional organization, is carefully restoring some key structures and re-creating others. A reconstruction of the old guardhouse gave me pause; Crazy Horse, the great Oglala Sioux war chief who helped crush Custer at the Little Big Horn in 1876, had met death by bayonet here a year later, attempting to avoid confinement.

At the headquarters museum, curator Vance E. Nelson and I halted before a showcase. A small sign quoted Red Cloud, another Sioux war chief: "I will go now and I will fight you. As long as I live I will fight you for the last hunting grounds of my people."

These words seemed more powerful and poignant than ever. Militant Indians had occupied this old building briefly not long before my visit. Nebraska Indian Commission Director Robert Mackey, a Santee Sioux, later gave me a simple explanation: Indians contend that the land should have reverted to them when the U.S. declared it surplus.

I made it a point to talk with a number of Indians in various parts of the state. To be blunt, all felt that the white man considers them—like Fort Robinson—surplus, offering only token encouragement.

"Look at our participation in something as basic as education," said Mr. Mackey, a thoughtful, articulate man. "Most of our children drop out before completing elementary school. Last year, 25,000 young people graduated from Nebraska high schools. Only 45 were Indians. At the university you'll find only 22 Indian students."

Opportunities are few for most of Nebraska's 15,000 Indians. Torn from the land they love, unable to live by the white man's schedules, uneducated, without job skills, they drift between the reservation's limbo and heedless towns and cities. They are fringe people, almost unseen.

Few red men roam Indian country anymore, but cattle beyond count do. The grassy Sand Hills of north-central Nebraska, which cover about a fourth of the state, are one of the world's most concentrated beef-raising kingdoms. Oddly enough, you don't see many cows as you drive through this spacious land—they're behind the undulating dunes.

Sand Hills ranch houses are far between,

towns few, roads occasional, and cars rare. One morning in Gordon—"The Little Town With a Big Smile"—I asked a service-station operator the distance to the next community south, Ellsworth. He grinned, I was his. "You'll think it's a hundred miles," he said, "but it's only fifty-six."

I drove those miles and many more with pleasure, past endless yellow-green hillocks wearing azure lakes in their clefts. Ducks rafted on the water, plovers stalked the shores, meadowlarks and redwing blackbirds flashed through the air. Here and there stood a lonely tree.

Still, I saw man making his mark everywhere on the meadows; it was haying time, and haystacks popped up like mushrooms. Beside one field a rancher gestured at his 12-year-old son, who was baling hay. "That young feller made 11,000 bales last year," he told me.

The late Mari Sandoz wrote of this land and its sturdy people with power and grace in *Old Jules*, the biography of her pioneering father, and other books and articles. Old Jules, I believe, would find kinship with today's Sand Hills people, even though some use airplanes and helicopters to patrol their 50,000- and 100,000-acre spreads. They did without the fancies to get where they are.

I suspect that many Nebraskans remain willing at heart to do without the fancies. Those who have moved to the cities remember well the farm, the ranch, the little town where they sprang. They remember the old white house with its elm-shaded yard, and the neat white picket fence setting it off. The Nebraska that Willa Cather immortalized in her novels lives on as surely as the house I have just described, which happens to be Miss Cather's late-19th-century girlhood home in the south-central town of Red Cloud.

There, and in Brownville, on the Missouri River in the southeast, I found the quintessence of my home state. In Red Cloud, in the turreted old building that memorializes Willa Cather, I quickened to her words. They rang true to all I had seen: ". . . furrows a mile long . . . brown earth . . . strong clean smell . . . soft deep sky of happiness. . . ."

And what of Brownville? Some residents call it the "Cradle of Nebraska." There I ended my journey. The town rests beside the broad Big Muddy, living with its memories of steamboats and covered wagons and freighters rolling west, and fewer than 200 reside where 2,000 once went about their business. Steamboating and freighting were doomed by the arrival of railroads in Nebraska.

For all that, there was no need to mourn the glory that was Brownville. Enough people care, I discovered, to have restored many of its fine old buildings, and visitors flock to them. Artists and artisans have made their way here, and summer folk-life festivals and old-time fiddlers' contests set the town humming. At the Brownville Village Theatre, Nebraska Wesleyan University's players perform to packed houses.

I looked in on a rehearsal of Oscar Wilde's *The Importance of Being Earnest*. I walked into the old Lone Tree Saloon, where some say outlaw Jesse James once played poker, and found a jaunty miller stone-grinding corn, wheat, and other grains. And two and a half miles downstream on the riverbank, I stared at a bulky nuclear power plant that cost nearly a third of a billion dollars. It would soon go into operation .

That's Nebraska for you. Nebraskans will handle whatever comes, and make the good life out of it.

WASHINGTON POST URGES TAX CUT TO HEAD OFF RECESSION

Mr. MONDALE. Mr. President, the February 2 Washington Post carried an excellent editorial on the administration's economic policy.

Although it is difficult to tell which administration pronouncements on the likelihood of a recession are the operative ones, most economists agree that we face a serious threat of recession this year.

Because of this, the Post editorial says:

The case for cutting taxes gets steadily stronger . . . Congress has good reason to consider a tax cut without waiting for the administration to make up its mind.

Inflation is increasing effective tax rates by pushing taxpayers into higher brackets, social security taxes are increasing, and soaring prices for food and fuel are eating into real family incomes.

A tax cut would help make up for this erosion of family incomes and give the economy a badly needed boost.

That is why I believe it is important for Congress to act quickly on legislation I introduced last week (S. 2906) that would allow taxpayers to take a $200 credit for themselves and each of their dependents instead of the existing $750 exemption. See January 28 CONGRESSIONL RECORD, page 885.

This new optional credit would reduce taxes for the average family by nearly $200, and give a $6.5 billion stimulus to the economy.

In addition, it would be a significant step toward greater tax equity. Unlike the $750 exemption—which is worth as much as $525 in reduced taxes to the most well-to-do, but only $105 to those in the lowest brackets—the new optional credit would be worth the same in tax savings—$200—to each family that chose to use it.

I ask unanimous consent that the full text of the Washington Post editorial be printed in the RECORD.

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

THE PRESIDENT AND THE ECONOMY

"There will be no recession in the United States of America," President Nixon declared firmly in his State of the Union message last Wednesday evening. That turns out to be the most optimistic of the several forecasts that Mr. Nixon and his administration have offered in the past few days. In the printed version of the same address, the air of confidence is a bit more qualified There he went on to say that, in the early part of this year, "output will rise little if at all, unemployment will rise somewhat and inflation will be high" That line did not appear in the speech as he read it on television.

Two days later, his Council of Economic Advisers in its annual report discussed the possibility that for a time output might actually fall. Inflation for the year will be in the same range as last year, the report adds, and unemployment will average a little above 5½ per cent," in the recession year of 1971, it was 5.9 percent. Whether we are in for a recession depends, it appears, on how you choose to define a recession. The President's economists, caught between the State of the Union message and their own figures, were last seen backing into a mist of explanations that recessions are really very difficult to define, these things are not so simple as you laymen think, and so forth. But, as if to punctuate the most somber of their warnings, the Labor Department announced that the unemployment rate jolted upward from 4.8 per cent in December to 5.2 per cent last month.

Two of the country's largest industries are already in a state of recession. Housing starts and automobile production are both running about 40 per cent below the level of a year ago. The housing industry's troubles have been aggravated by the very high interest rates invoked to restrain inflation, illustrating the familiar dilemma. The automobile manufacturers are caught, of course, in the public reaction to gasoline shortages.

The administration is proceeding on the theory that the present inflaton is confined mainly in food and oil. Once this wave has passed, that theory goes, prices will be relatively stable. The White House assumes that we shall have a bad spring but, in the second half of the year, things will settle down, prices will stay on a fairly flat plateau, and growth will pick up briskly again. This forecast includes a number of highly risky assumptions. It is questionable whether the economy can absorb these very large price jumps, particularly in a basic commodity like oil, as quickly and easily as the administration appears to be hoping. If the administration is right, it will sit tight for a bad half-year and wait for better things next summer. But if it is wrong in any respect its economic policies could get out of hand very quickly. The Economic Adviser's report speaks to this point, saying that it is "extremely important" to be ready with fiscal measures if the statistics begin to move off the predicted track. But it is dangerous to let more time pass without reaching for remedies.

The case for cutting taxes gets steadily stronger. The effective federal tax rates are now substantially higher than they were two years ago. Inflation raises taxes because, even when a family's income rises as fast as the cost of liivng, that family gets pushed into higher tax brackets. In addition, there have been very large increases in the Social Security taxes.

Still another heavy brake is now about to be applied to the national economy. The huge increase in payments for oil imports will have generally the same effect as a substantial tax increase. The Economic Report does not deal with this point, but it is likely to have a severe influence on our prosperity over the months to come. This new force might be termed the oil drag on economic growth, with the present slowdown reinforced over the spring by a drain of increasing amounts of money to pay for reduced amounts of foreign oil. Particularly in view of this new brake, Congress has good reason to consider a tax cut without waiting for the administration to make up its mind. Any recession is damaging. But a recession in a time of high inflation is doubly damaging because the rising prices erode the value of unemployment benefits, savings, and all the other protections that carry us through the bad times.

Americans still live well, but not quite so well as a year ago. Mr. Nixon, in his address, claimed: "People are earning more. What they earn buys more. More than ever before in history." Few Americans will recognize their present circumstances in that description. Real spendable earnings—which mean the average worker's paycheck, adjusted for inflation and federal taxes—are actually lower now than they were a year ago. They are likely to go lower still, under the wave of inflation that the Council of Economic Advisers foresees for the next half-year. To assume that the wave will pass swiftly and smoothly is a highly perilous strategy. Unfortunately neither the President nor his economists give much indication of their next move if the economy, in the words of the Economic Report, begins to go off the track.

WARNINGS BY GENERAL ABRAMS AGAINST PLACING TOO MUCH HOPE IN DÉTENTE

Mr. THURMOND. Mr. President, Army Chief of Staff Creighton W. Abrams recently addressed a Veterans Day luncheon in Birmingham, Ala.

On this occasion he warned that it would be a grave mistake to allow the current environment of "détente" to turn us away from providing the necessary resources to meet our national defense requirements.

General Abrams noted that by having a strong Defense Establishment President Nixon was able to negotiate a period of détente. However, he warned that by the same token if peace is to be preserved it can best be assured by maintaining such a defense posture.

Mr. President, I endorse this warning to the American people and ask unanimous consent that General Abrams' speech, which was published in the February 6, 1974, issue of Long Island Newsday, be printed in the RECORD.

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

DÉTENTE MUST NOT CANCEL DEFENSE

(By Creighton W. Abrams)

The environment today is a difficult one for the country's security. The word "detente" has gained some currency.

"Detente" is expressed by some as a fact.

It is applauded by others as a policy.

It is saluted by still others as a new era.

And it provides the basis—at least the semantic basis—for some who would reduce military capabilities to what I believe would be a dangerous level, some who desire that we withdraw out of hand large numbers of troops deployed in Europe against very real and very capable opposing forces, and some whose philosophies discourage young men and women from serving their country in its armed forces.

I think it's fair to say that we may be enjoying the beginnings of detente—but we do not have world peace. For some people, the fact that we, ourselves, are not at war may be peace enough. But unless we can lessen the threat of war everywhere in the world, we cannot have a stable, durable peace on which we can depend.

Detente is an idea, a perception of intentions among countries. As such, it is not an objective fact. It can change as quickly as perceptions change. But we must deal in facts—in the reality of power, of capability, of strength—when we are addressing the nation's security. We should not cast off the dream of peace—God help us if we lose that vision. We should not ignore the hope that possible detente offers, and all the benefits it could bring to mankind. But neither should we lose sight of the real threats and the real dangers where they exist, and of our need to be prepared for them.

We do not have world peace. We do not have peace in any Utopian sense. Nor do we have peace in the down-to-earth sense of a greatly lessened need for our military forces. Yet, today, less than a year after the last U.S. ground combat forces were brought home from Southeast Asia, our Army is less than half the size it was at the peak of our effort there. We are many divisions smaller, and we have fewer weapons. These are the facts and realities of our capability.

It is also interesting to observe that we are the only major power to have reduced our forces in Europe in the past decade. The Warsaw Pact nations, and the Soviet Union itself, have not reduced their forces. The fact is, in past years, the Warsaw Pact forces have grown steadily and at a rather impressive rate. Again, possible detente—but not assured peace. And again, the delicate balance between hope—human hope—and reality.

In my period of service, which includes the span of three wars, I can tell you that I don't need or want any more war—but then I could have made the same statement a month after I arrived in Europe in 1944. Nobody in his right mind welcomes war, especially those who have seen it. The carnage, the destruction, the pain are beyond telling. But the less prepared we are, the more wishful our thinking, the greater the costs of war when it comes.

I came into the Army in 1936. Where I was, we were a horseback and rifle Army in a country that was still largely convinced that we couldn't have another World War. The idea that we had ended the possibility of war at Versailles blinded many of us to reality. We had heard that there was a German army, but we ignored the facts in our desire for peace—until we were forced into action. And you know what happened. We did not prepare. When we could no longer avoid it, we got thrown into a huge war in Europe—unready, ill-trained in many respects, saved only by distance and the time bought by our Allies' efforts. In the Pacific, we have Pearl Harbor and Bataan to remember for our complacent outlook. The cost was dreadful. In Europe, in Africa, in the Pacific we paid and paid and paid again—in lives and in blood—for our unpreparedness; we paid for our insistence that because our shores were not under direct attack, we were at peace.

When the war ended, we erased history again.

When the Korean war broke out, our situation was not much different than it had been in the opening days of World War II. We were not prepared. We were not adequately trained. We were not adequately equipped. But we entered the war rapidly, throwing half-ready units in to buy time for the Army to get ready. And again, during those early days in Korea, we paid dearly for our unpreparedness with our most precious asset: the lives of men.

The monuments we raised to the heroism and sacrifice in each of these wars are really surrogates for the monuments we owe ourselves; monuments for our blindness to reality, for our indifference to real threats to our security, for our determination to deal in intentions and perceptions, and for our wishful thinking about how war could not come.

In this period of possible détente—not real peace, but possible détente—we are opposed by formidable strength. We face, at various places around the world, strong and capable adversaries, becoming stronger all the time. These are facts. As our relations throughout the world improve, we should consider that we have more and more to gain by preventing another war, and there is only one way I know of to do that. The only way that really ever has worked is for us to maintain our own strength, our capability and our own resolve to defend our security, or freedom, and those of our Allies.

And so for the Army today, this means we must be ready, prepared to stand for our country. Insuring that the Army is prepared is my most fundamental duty, and it is the Army's mission today, as always.

For the Army to be prepared, we must look beyond the countable, measurable indicators of preparedness. We must look to a spirit of preparedness. A "ready" spirit is a precious commodity for our Army: It gives credibility to our strength. And by our credible strength we assure our friends and deter our enemies in the interests of peace.

We hold and nurture and support this precious spirit everywhere in the Army—and we anxiously look for it elsewhere in the country. For this spirit of readiness cannot be substained by the Army alone. It must have its roots in the rest of the country, or it cannot survive. There must be clear evidence throughout the country that we, as a nation, are prepared, that we have the spirit and will to do what is necessary to defend the country, and to insure its well-being. We must hear the people express their determination—to support the efforts of their Army—to meet the needs of the country—and to avoid the terrible costs of being prepared too late or not at all. The spirit of preparedness must resound so that any potential enemy can discern it, and can see that he cannot set out on a cheap adventure at our expense.

Our country can avoid war only by showing clearly that, while we are anxious to avoid war, we are willing and able to fight, if necessary; that within this nation abides the will to fight for its security and its interests. We must be able to demonstrate that we are prepared to defend ourselves and what we stand for, that we will fully honor our commitments, and that we will stand up to any foe.

We cannot do this from the reclining position. We cannot say, "If you start something with us, we will spring to arms," for there will be too little time to begin to get ready. We must be far more committed, far more dedicated, far more prepared than that.

Each time we have faced major war unprepared, we have barely gotten ready in time, and the costs have been atrocious and a disgrace to this nation. The Army is doing everything in its power to see to it that we do not have to pay that exorbitant price in lives and treasure again. With the support of the people of this nation, we should not have to pay that price again.

I have faith in this country, and in its people. And of course, I have faith in our Army. We have met challenge upon challenge, at home and overseas, in ways that only a nation of great spirit could have met them. If we set ourselves to the task of preparing for war if it comes, of being ready to meet the challenge of war before it is upon us, we shall be achieving the real peace that men everywhere can understand, and that nations everywhere can respect. Other men have given greatly of themselves for this peace. We cannot let them down.

A SALUTE TO THE PROUD PEOPLE OF LITHUANIA

Mr. STEVENSON. Mr. President, I am happy to join my colleagues in the Senate as we salute the proud people of Lithuania, who this month are observing the 56th anniversary of their declaration of independence.

Though the Soviet Union continues to control their nation, the people of Lithuania know that they and the people of neighboring Baltic States will one day enjoy freedom.

The Lithuanian people have earned the admiration of free people everywhere for the forbearance and dignity with which they have endured long years of oppression, and for their undiminished spirit. Sustained by their great spirit, Lithuanians have resisted outside pressures with dignity and, to this day, remain faithful to their language, tradition, and religion.

It is most fitting that during our celebration of Lithuania's 56th anniversary of their independence, the Senate has

before it Senate Concurrent Resolution 66. This resolution, of which I am a cosponsor, asks the President to direct the Secretary of State to request of the Soviet Union the release of Simas Kudirka, the Lithuanian seaman who jumped from his ship to seek freedom, but who was later surrendered to Soviet authorities.

Mr. President, I am proud to join with the Lithuanian community in the United States in expressing renewed support for the aspirations of all who yearn for freedom and basic human rights.

THE B-1 BOMBER PROGRAM

Mr. TUNNEY. Mr. President, I ask unanimous consent to print in the RECORD an article which recently appeared in the Air Force magazine. I would call particular attention to the section on the B-1 bomber.

I will support the B-1 bomber program again this year, because I believe it is essential to a well-rounded national defense program. The B-1, with its capability of flying high at supersonic speeds and "on the deck" at high subsonic speeds; its payload-range characteristics; its utilization of already tested, high-technology components, is the best product the military can buy to replace the aging B-52's.

As we prepare to consider the fiscal year 1975 budget for the Department of Defense, we should keep in mind the need for a strong national defense while we trim the fat from this massive funding request. Savings are desperately needed by the citizens of this country as they are buffeted by inflation, and brace themselves for a year of shortages of vital goods and services. But in our quest for savings, we must not threaten programs vital to our national security, such as the B-1 bomber program.

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

SECRETARY MCLUCAS LOOKS AT PRESSING AIR FORCE NEEDS

(By Edgar Ulsamer)

The United States "sees" almost instantly any intercontinental ballistic missile regardless of where and when it is launched and also knows where it is going. What's more, this worldwide monitoring capability has been tested over a number of years and has proved "very reliable and highly credible." This high degree of credibility, in turn, enables the National Command Authority to react rapidly and decisively on such warning information, according to Air Force Secretary John L. McLucas.

"The basic objective of our early warning satellites," which provide that information, Dr. McLucas told this reporter, "is to keep track of missile activities going on around the world; these satellites are deployed in such a way that they can see missile launches anywhere and at any time. The system reports in essentially real time any missile launches and gives an indication where the missile is going. This worldwide capability provides precise, unambiguous information about test launches or an actual attack."

Early warning satellites consist of so-called integrated satellites, meaning spacecraft using a number of different sensors that augment one another. These sensors detect and track missiles and also monitor nuclear explosions in the atmosphere and space. While it might be possible to attack these warning satellites, it would seem impossible, at least on the basis of presently available technologies, to do so with any real chance of surprise; the system would presumably detect interceptor missiles fired against it hours before the aggressor could reach the satellites' high orbital altitudes.

Almost ten years ago, Secretary McLucas told AIR FORCE Magazine, the Air Force started the development of a nuclear-armed antisatellite system at the request of former Defense Secretary Robert S. McNamara. Known as Program 437, this system was premised on Secretary McNamara's belief that the United States "needed assurance that if the Soviets or anybody else started playing around with our satellites, we should have the ability to do likewise. Of course, the subsequent prohibition against the use of nuclear weapons in space caused us to change our positions on this matter."

U.S. AIR FORCE SPACE BUDGETS MORE THAN $1 BILLION ANNUALLY

The Air Force, Secretary McLucas revealed, spends more than $1 billion annually on military space programs. Control over most USAF space activities is exercised by its Satellite Control Center at Sunnyvale, Calif., an agency of AFSC's SAMSO. The Center operates ground stations scattered around the globe, which relay information to and from the individual satellites "so that we can, in effect, control a worldwide satellite network," according to Dr. McLucas. "We do have in the works a new approach, a satellite relay ssytem that would give us the same kind of controls, but, instead of ground stations, would use space stations or satellites." The advantage of the space-based control system the Secretary explained, is "that it gives us more communication channels to a given satellite," and, by eliminating the need for ground stations on foreign territory, the political and military vulnerabilities of the control system will be reduced significantly.

Now under development by Hughes Aircraft Co. is such a system, the Satellite Data System (SDS), part of the Air Force Communications System (AFSATCOM). SDS will eliminate some of the ground stations.

THE AIR FORCE IN SPACE

Although formerly the government's executive agency for all military space programs, the Air Force, under a 1971 Department of Defense directive, is no longer the sole service with space responsibilities. But while service responsibility for new programs is now considered on individual merit, the Air Force remains the principal designer, manager, and operator of space systems. "The only decision to date—as a result of the change of 1971—that involved a service other than Air Force is the [Navy's] Fleet Satellite Communications System (FLTSATCOM). But even in this instance, DoD agreed that the Air Force should act as the Navy's subcontractor to actually contract to build and manage the system and put it into orbit. The Navy is in charge, of course, in the sense of procedural operations, but we provide the routine management function such as station keeping."

Because the Air Force has the people, knowhow, and facilities, Secretary McLucas said, "it would not make sense for the Navy to duplicate all this at high cost." While any service that can convince the Department of Defense that it has a good case can be granted a given space mission, it is likely that the Air Force will continue "to perform the actual work," he suggested. This is likely to include space launches, since there are no plans to build new launch facilities.

Cooperation with the Navy in FLTSATCOM extends beyond routine management matters, Dr. McLucas pointed out. Although primarily designed to serve a large number of Navy ships and aircraft, the system will also carry Air Force transponders, which are part of the Air Force Satellite Communications System (AFSATCOM). The Navy satellites, Dr. McLucas revealed, are to become operational in about two or three years. Four satellites will form the system and be spaced around the equator at ninety-degree intervals to provide broad coverage.

Concurrent with th Navy's initial interest in FLTSATCOM as a means of providing reliable communications with the fleet, the Air Force was probing the design of AFSATCOM to assure "worldwide control of our strategic forces," Secretary McLucas explained, adding that "by joining up with the Navy, we will be able to use these four platforms in space for our own transponders and, thereby, be able to control our strategic forces in all areas of the globe except the polar regions. These gaps, which result from the equatorial placement of FLTSATCOM, will be closed by AFSATCOM, which is to incorporate components of the Satellite Data Relay System, some of whose spacecraft are in polar orbits.

"By combining the capabilities of the two systems, the Air Force will be able to communicate with its strategic forces, be they bombers, other aircraft equipped with satellite terminals, or an airborne command post, anywhere in the world." This combined system will have the additional virtue of intrinsic redundancy. If one satellite fails, others can take its place. In the case of FLTSAT COM, for instance, only three out of the four in orbit are actually needed.

The redundancy that assures reliable operations automatically makes the two systems fairly survivable, Dr. McLucas pointed out. "The two systems can be categorized as medium-survivable. We have not gone all out and tried to do everything we can think of because that would cost too much; besides, it is more important to develop the needed communications capabilities expeditiously rather than come up with a design that will last forever," he said.

Present trends point clearly toward multiple uses of spacecraft. "I think the kind of redundancy that is gained from using piggyback arrangements [putting different transponders and other components aboard individual satellites], and thereby making each satellite a space bus of sorts, makes good sense," Dr. McLucas said.

Secretary McLucas expressed strong support for efforts to assure the survivability of spacebased military ssytems. "If we are going to rely on space communications, then we must insist that these systems be as reliable and survivable as possible. One side of that effort is redundancy; the other involves hardening of the satellites [against EMP—electromagnetic pulse—and other destructive radiation of nuclear explosions. Overpressure, the most lethal effect of nuclear weapons in the atmosphere, is not a factor in space]. It would seem certain that over a period of time more and more hardening will be incorporated into our space systems."

The Air Force, Dr. McLucas said, is working on SURVSATCOM, the Survivable Satellite Communications Development Project—a highly survivable communications satellite that can perform vital general-war command and control functions. The project involves two satellites, LES 8 and 9, which are being developed by Lincoln Laboratory and are scheduled for launch in Fiscal Year 1975.

Military experts and the scientific community remain divided over whether the survivability of space systems is better attained through hardening or through redundancy, according to Dr. McLucas. Because hardening runs up both costs and weight, he said, "I personally tend toward redundancy, but it will take more time and research to answer this question." Dr. McLucas agreed with the majority of USAF leaders that an attack on the US military satellites is not likely, such an act, of itself, would signal, categorically, the attacker's intent and could trigger a U.S. response.

He nevertheless advocated "a fallback position through hardening and redundancy,

especially in case of a relatively inaccurate attack. In the case of a head-on hit, of course, hardening would not help anyway."

Hardening or shielding involves a variety of techniques to contain the energies of EMP in the outer shell of a spacecraft, design of the electronics to minimize damage from what EMP reaches them, and shutdown of on-board circuitry during the split second of EMP effectiveness.

Finally, the survivability is also being enhanced through the development of advanced optical space communications systems, including lasers and other techniques that are impervious to the communications blackout that accompanies the explosion of large nuclear weapons in space.

POSITION-FIXING AND NAVIGATION SATELLITES

It is axiomatic that the efficacy of military operations depends on the accuracy with which the forces involved know where they are, where they are going, and at what rate of speed. The more mobile these forces and the greater the accuracy and range of their weapons, the more urgent becomes the need for precise position-fixing and navigation. This has been recognized by a multiservice program that probes navigation-satellite systems and associated technologies. It will culminate—between the years 1977 and 1979—in a major navigation-satellite experiment to test and demonstrate satellite-navigation technology and its potential. In mid-1974, the Air Force will launch an experimental satellite to explore the complex phenomena of signal propagation and modulation in space, in concert with a special simulation facility that was placed into operation at the White Sands missile range last year.

The potential inherent in navigation and position-fixing satellites, Dr. McLucas pointed out, "is virtually unlimited and largely untapped. We have had some important lessons from the Navy's Transit Navigation Satellite system, of course, and we have run some hardware experiments that show what could be done with a multiple satellite system in terms of distance measuring techniques—TOA [Time of Arrival] and Time Difference of Arrival.

"What's involved here is precise measurement of how long it takes signals from different satellites, whose locations are known with high precision, to reach a point whose position is to be fixed, thereby establishing its location. We have demonstrated the feasibility of these techniques with aircraft for some time now and know that it can be done with extremely high accuracy. It seems entirely reasonable to predict that it should be possible to fix the location of any point on the globe or in the air with a three-dimensional accuracy of at least 100 feet. This, by itself, offers a revolutionary potential for blind weapon delivery, standoff systems, and—to a degree—the elimination of weather and visibility as major factors in military operations."

While the feasibility of systems with these kinds of capabilities has been demonstrated convincingly, the "major remaining question is what constitutes the optimum hardware configuration," Secretary McLucas said. This boils down largely to a decision on where to put the computer, into the spacecraft or the user systems, such as aircraft.

"You could either keep the satellites very simple and have big, complicated computers in each aircraft or other users, or you could build a very sophisticated system into the satellites and put only a small electronics package into the aircraft. We in the Air Force tend in the latter direction—that is, put the complexity into the satellites. We have had a somewhat competitive atmosphere with the Navy in this regard, with the Navy advocating one approach and the Air Force supporting another. But recently, all of us agreed on a compromise that resolved this problem, and we now have an approach that all services think is feasible. One could say that we have adopted a policy of compromise where we acknowledge that the Navy's disposition of satellites makes sense, provided they radiate Air Force-like signals. The present proposal is to place enough of this type of satellite into space to find out how the system can work best; subsequently, the idea would be to put up enough of them so that we can get worldwide coverage." This is likely to take between eight and ten years, according to Dr. McLucas.

THE AIR FORCE AND THE SPACE SHUTTLE

The Air Force is aware of the potential of manned military space missions, but knows that it costs a great deal more to operate a manned system than an unmanned one. The cancellation of the MOL program is a case in point. The Air Force considers it fortunate that "we don't have to foreclose the option of future manner space missions because of the national Space Shuttle program," a two-stage reusable space transportation system scheduled to reach operational status by the end of this decade. The system will be capable of delivering military and civilian payloads of up to 65,000 pounds into low earth orbit.

The Shuttle is, however, limited to orbital altitudes of about 200 miles. Another vehicle, usually referred to as the Space Tug, is needed to deliver payloads from the Shuttle's orbit to geosynchronous or other high-energy orbits. Present Pentagon estimates indicate that about fifty percent of all military payloads will require the higher orbits in the foreseeable future.

Secretary McLucas told Air Force Magazine that NASA—the developer of the Space Shuttle—and the Air Force have agreed in principle that the latter should pay for and develop an interim Space Tug. The initial upper stage would be a minimum cost modification of an existing expendable stage that would meet most requirements during the period when payloads are transitioning from current launch vehicles to the Shuttle. The stage will deliver payloads to high orbits, but will not be capable of retrieving payloads. The stage itself may be reusable.

This tentative agreement "has not been fully staffed throughout government, and, as a result, I don't know how far we will get with it," he said. The main reason why the Air Force supports this arrangement is that "we want to get on with a program of this type. It doesn't make sense to have the Shuttle and not be able to go the rest of the way," according to Dr. McLucas.

From the Air Force's point of view, the principal appeal of the Shuttle is that this system will make it possible to fix, refurbish, retrieve, and reuse expensive space systems operating within the Shuttle's orbital range. Obviously, extending this capability into high-altitude orbits would be equally desirable. But the high R&D investment associated with a recoverable, reusable, and possibly man-rated "upper stage" militates against such a program at this time, the Air Force Secretary said. "On a long-term basis, it can be shown that it would make economic sense to recover space systems from synchronous orbit, but I seriously doubt that this will happen any time soon."

The argument in favor of recovery of space systems, so far as the Air Force is concerned, must be tempered with a number of realistic considerations. One is that the longevity of space systems usually exceeds the original specifications with the result that, by the time many of these systems fail, their components, or even their basic concept, may be obsolete. Recovery of such older systems that have outlived their usefulness would not be economical or even desirable, Dr. McLucas pointed out.

"Simply put, the longer the life of a payload, the less productive it is to recover. Obviously, the most profitable recovery involves systems that fail as you put them up and where, by replacing a $10 component that doesn't work, you salvage a multimillion-dollar spacecraft."

THE B-1 PROGRAM REVIEW

On July 12, 1973, Secretary McLucas reported to the Congress a slippage in the schedule of the B-1 program and, concomitantly, an increase in the R&D costs as well as a postponement of the program's key milestone—the production decision—to May 1976. Shortly thereafter, Dr. McLucas appointed, under the aegis of the Air Force's Scientific Advisory Board, a thirty-odd member review committee. Headed by Dr. Raymond L. Bisplinghoff, Deputy Director of the National Science Foundation, the Committee is currently completing its final report on the program, covering both management and technical qualities.

The Committee's basic findings, conveyed orally, contained, according to Dr. McLucas, "some good news and some bad news." In the first category, he said, was the fact that the Committee's intensive, one-month study confirmed that the B-1 "looks like a good design, in the sense of being able to execute the mission assigned to the aircraft, and that it is within the state of the art." At the same time, Dr. Bisplinghoff and his panel of experts found the program "too success-oriented," meaning that, in the Committee's view, the B-1 effort is funded and phased in an "optimistic way." It is Dr. Bisplinghoff's opinion that it would take "a great deal of luck" for things to go the way we planned. "Given the perverse nature of inanimate objects, [Dr. Bisplinghoff] felt," Secretary McLucas said, "we are bound to run into some problems."

A third feature of the B-1 program that is being questioned by Dr. Bisplinghoff's committee is "the fact that it is not easy to see how we get from the first three test aircraft to the production aircraft. In the committee's opinion, there should be an intermediate step, a preproduction stage, in order to accommodate the changes that the flight-test program demonstrates ought to be made. This would enable us to test out these changes on the preproduction aircraft, *before* we commit ourselves to full production," Secretary McLucas said.

The Air Force views the findings and recommendations of the Committee as "quite realistic, especially so far as the recommendation for a preproduction stage is concerned," according to Secretary McLucas. The variance between the actual structure of the program and what's being sought now is anchored in differences in objectives. "Our original approach was geared to give us, at minimum cost, the answer to one question: 'Do we, in fact, have a B-1 design that we can go into production with?' This meant that we had to flight-test an aircraft that wasn't just a bare airframe, but included the kind of equipment, such as avionics, radar, and so on, that showed we could actually execute the assigned mission. If our objective had been to go into production quickly, we would not have taken the course we did.

"Our initial reaction to the Committee's recommendation is positive, because more than three years have gone by since we formulated the program, the B-52s have gotten older, people are getting more concerned about the obsolescence of these aircraft, and the likelihood of a decision in favor of a production go-ahead on the B-1 has increased. Three years ago, the time was not yet right for such a program structure, but now we have a coalescence of opinions regarding full program go-ahead, and, therefore, Dr. Bisplinghoff's recommendation for a preproduction stage makes more sense. As a result, we are not pricing out such a change, and the B-1 Program Office is analyzing the specific recommendations to establish what should be adopted," Dr. McLucas

told AIR FORCE Magazine. A decision should have been reached by the end of 1973, he added.

U.S. AIR FORCE R. & D. SHRINKS WHILE SOVIET EFFORTS INCREASE

U.S. Air Force's R. & D. budget has dropped expressed in FY '74 dollars, from $4.4 billion in 1968 to $3.2 billion in the current fiscal year. "I am not sure that we can continue to function with a R. & D. budget of this type. Much depends, of course, on the outcome of SALT [whose phase II is to be concluded by the end of 1974]. If we don't reach any agreements with the Soviets about their pulling back from further development and deployment of strategic systems, then we will have to modernize and improve our defense and offensive missile systems, as well as update other weapons. In such an eventuality, we would have to show greater progress and increase our R. & D. effort because we can't afford to be left behind. At present, the technical quality of our systems is still quite good, but if the Soviets continue with their high-level efforts [manifested by recent missile and MIRV tests], we might have to step up our own efforts," Dr. McLucas explained.

The Air Force Secretary was sanguine about the present level of military R&D providing "reasonable assurance against major technological surprise five or ten years from now." He emphasized the need for a "balanced approach to our R&D effort, unless there is good reason to panic, and I don't see that. I do see a definite need to maintain a very aggressive effort in the ICBM field, and we must somehow cope with the ECM challenge." While the Soviet weapons introduced during the recent Middle East war proved very effective, he said, they contained no technological surprise, and, after an initial period of adjustment, the US-supplied systems "proved quite effective."

In the tactical weapons field, the Air Force has made great strides in terms of smart weapons, "but they have to be deployed on a much larger scale than is the case at present. We don't have Europe stocked with these weapons to anywhere near the degree that we achieved in Southeast Asia. This must be remedied. Also, we have not applied these new technologies to nearly the extent that we could and should. Finally, we must recognize that any system embodying sophisticated components is susceptible to countermeasures. We have to assume that there will be countermeasures, and we will have to concentrate our efforts on defeating them," according to Dr. McLucas.

In the related area of RPVs (Remotely Piloted Vehicles), Dr. McLucas cautioned that, in spite of the enormous potential of this technology, it might take years before the rank and file of the Air Force will fully accept the robot airplane. "We started out with RPVs flying photographic missions, and this, in time, has become a widely accepted mission. There are many other applications of equal promise, including high-altitude radio relay and a strike role. There are many missions where we can use RPVs to form something like a LORAN grid to guide missiles and other weapons to a target. We have already demonstrated that RPVs can be used to launch Maverick missiles against moving tanks; we have shown that they can be used for both high- and low-altitude photo reconnaissance; and we have proved their capability in the radio-relay area. The real issue is to get people to accept the RPVs. It is only natural for the Air Force to be biased toward the manned system, but it is also clear that there are missions that can be performed better with RPVs. I have no doubt that gradual acceptance of this fact will set in."

NEEDED: A NEW APPROACH TO AERONAUTICAL TEST FACILITIES

A currently pressing Air Force concern is the inadequacy of certain of our national aeronautical test facilities, to meet modern needs. For example, the Arnold Engineering Development Center has some equipment dating back to World War II. This is costing the Air Force and others a good deal of money, because it requires more flight testing than would be otherwise necessary. Dr. McLucas disclosed that the Air Force and the Department of Defense are currently "working with NASA in order to come up with precise requirements for high Reynolds numbers [high-performance] wind tunnels as well as V/STOL wind tunnels and other facilities," to assess the performance of new aircraft and engine designs.

"We have more or less agreed on what's needed and what these new test facilities should be. It now becomes a question of putting enough emphasis on this matter. I believe that we can get the support we need on Capitol Hill once we can come up with a fully coordinated program."

The Air Force, traditionally, has advocated a government-wide, centralized approach to aeronautical test facilities in the belief that this would cut costs and permit more effective utilization and ease the funding of what, in effect, becomes a general national resource.

THE CHALLENGE OF THE ALL-VOLUNTEER FORCE

Secretary McLucas concluded his Air Force Magazine interview by stressing that the Air Force leadership's principal and overriding concern, "far more important than the R&D issue, is people. Because of our people-oriented program we are getting all the people we need, and the quality [of the newcomers] is rising. By continued emphasis in this area, I feel confident that the Air Force will be able to make the all-volunteer force work and assure high-quality manning in the years ahead, at least so far as the active-duty force is concerned.

"So far as the Air Force Reserve is concerned, we will have to do a better recruiting job than has been the case so far. We have had a shortfall of about ten percent [since the all-volunteer force policy went into effect]. Possibly, we might not have paid all the attention to this problem we should have because we were so elated about achieving 100 percent on the regular force.

"Our personnel people are giving full attention to the problem, especially so far as improvements of the recruiting effort and different incentive approaches are concerned. We are confident that we will be able to improve the situation."

LITHUANIAN INDEPENDENCE DAY PASSED ALMOST UNNOTICED, BUT IT DESERVES TO BE REMEMBERED

Mr. HELMS. Mr. President, last week, while the Senate was in recess, freedom-loving people all over the world remembered a little-publicized but highly significant date: February 16, 1918, the independence day of Lithuania.

This year, more than ever, thanks to Aleksandr Solzhenitsyn, we are becoming increasingly aware of the continuing abuses of human rights behind the Iron Curtain. We, who enjoy the highest standard of living in the world and freedoms beyond compare, are naive enough to be incredulous when confronted with the cold facts of communism in practice.

In one country at least, you may be sure that people are no longer shocked. Lithuania has had a long and troubled history—a millenium of conflict with her leviathan neighbors: Germany, Poland, and Russia—with far too few years of independence and peace. Fate has been cruel indeed to this tiny Baltic nation, tantalizing her with just two decades of independence in this century. And yet, somewhere in her rich and varied culture, the seeds of freedom have been nursed by and for a people who possess courage indifferent to adversity and domination.

I remember, as I am sure my colleagues do, the Lithuanian seaman, Simas Kidirka, who 3 years ago attempted to jump from his ship to freedom, throwing himself at the mercy of the free world. This one man, empowered by a combination of courage, confidence, and desperation risked everything in the hope of attaining only one thing—freedom. For a few days, we wondered what the fate of this average workingman from some small country in Eastern Europe would be—would his bold plea for freedom be heard by the United States? The official response—or lack of it—is now history. But our own personal reactions as Americans are more difficult to measure and explain. Were we so complacent and so callous that we could ignore a fellow human being's simple yet desperate request?

Simas Kidirka gambled and lost. He is not the first victim of the superpowers East and West in their narrow pursuit of a "lessening of tensions"—and you may be sure he will not be the last. Our acquiescence to the Soviet dictum in this case is consistent with the ongoing policy of détente which is the primary guiding force behind U.S. foreign policy. And as we cozy up to the Russians, they are enforcing a program of ethnic eradication in Lithuania, complete with a total russification of their native culture and systematic deportation and dispersion of Lithuanian nationals. Were it possible, the same Soviets with whom we wish to expand trade and cultural exchanges, would extirpate every remnant of this ancient and proud land's heritage.

We cannot justify or give our tacit approval of this perverse and illegal relationship between two sovereign states. We must demand respect for nationhood, whether it be in Southeast Asia or on the coast of the Baltic Sea. The Soviets mouth the words "self-determination"—but even the most superficial overview reveals that these are words only—with no substance or impact on the Russian political stratagem.

We have only to look at the history of Lithuania since 1939 for proof positive of the aggressively bibulous nature of Russia's foreign policy. They laid the groundwork for the absorption of Lithuania in August of 1939 when they agreed with the Germans that the three Baltic Republics be assigned to the Soviet sphere of influence. Later in the same year, through political coercion and threats of military force, the Russians squeezed agreements from Lithuania and her sister states permitting the establishment of Soviet military bases on Baltic territory. In less than a year, all three republics were illegally and forcibly incorporated into the Soviet Union, an arrangement which has never been recognized by the major democracies of the world. This forcible incorporation of Lithuania into the U.S.S.R. is an assault on the legal and moral principles of the international treaties of this century.

In short, here we stand 56 years later, suffering through a budding awareness of what the other superpower really is like—how it deals with the "anti-Soviet elements," how it attempts to obliterate the cultural differences of those peoples it has locked into its geopolitical structure—and how these indefatigable and proud individuals continue to work and live for the day they once again enjoy liberty. We must not be deaf to their communication. In fact, we must be acutely sensitive. They are a constant reminder of the horrors of life without liberty. And if only we listen, we may find the antidote for the lulling potion of complacency with which we have dulled our mentality.

WORLD FOOD CONFERENCE PLANNING OFF TO A GOOD START

Mr. HUMPHREY. Mr. President, I have been closely following the important first preparatory meeting for the World Food Conference. I am pleased that the U.S. delegation, under the able direction of Ambassador Edwin Martin, has taken a strong leadership role in the New York meetings this past week.

It is crucial that the United States, as initiator of the World Food Conference, to be held in Rome this coming November, take the lead in establishng the direction for this Conference. These initiatives for cooperative action among nations to help solve world food problems, could not be more timely. Chaotic commodity markets, unchecked escalation of food prices, severe shortages of desperately needed food in many countries, and the growing insufficiency of essential inputs—such as fuel and fertilizer—for expanded food production is warning enough that our world food system is under great strain.

While our attention may be turned, for the moment, to the oil shortage, the problem would fade greatly in attention, if the world were to be faced with a serious shortfall of food. The allocation of scarce fuel supplies is difficult to do fairly and brings with it serious hardships. But what government wants to be forced into a position of having to determine which of its citizens must starve?

This administration and other governments around the world may at last be coming to realize that the time to act is now, before the crisis is upon us. Only by preventive action now will we avert the addition of a "worldwide food crisis" to the long list of economic crises resulting from inadequate planning.

I applaud Secretary of State Kissinger for his foresight in calling for a World Food Conference. It is time that food and food policy be recognized as basic elements in our relations with other nations. I believe it is significant that a man of such stature as Ambassador Martin has been appointed to lead our participation in this effort.

These are issues for which I feel deep personal concern. For most of my public career I have been involved with food and agricultural policymaking. As chairman of the Senate Foreign Agricultural Policy Subcommittee, I have struggled with the issue of food security both for our own citizens and for those people in other countries dependent on food imports. The conference in Rome next autumn could be the world's most important food policy initiative, and I feel that there are certain steps which must be taken to insure the successful outcome that must be achieved.

First, the emphasis of any World Food Conference must be on action. We have spent too many hours gathering and analyzing statistics. We could assess the situation "ad infinitum" but this alone will not assure anyone of enough to eat. Rather, we must come to the World Food Conference prepared to work out specific proposals for constructive action.

Each country must come ready to lay on the table exactly what it is and is not prepared to do. Before November each government should realistically assess what it can do to improve the quality and quantity of food available throughout the world. This should include a careful consideration of the effect of domestic policies on world agricultural production. It should also include, at a minimum, a review of each country's ability and willingness to participate in multilateral food and development assistance, and in the proposed system of coordinated food reserves. Only when this "homework" is done can we get down to the business of specific action.

Finally, the Preparatory Committee for the World Food Conference must establish a realistic agenda with a clear emphasis on cooperative action. Specifically, such an agenda should lead to:

Medium and long-term objectives and priorities for agricultural adjustments to encourage food production in the less-developed world;

An agreement on international food stockpiling;

Improvement of emergency food relief and food aid capabilities;

A strategic world food planning system, to spot inefficiencies and bottlenecks before they cause major food shortfalls; and

Commitments by all nations to adjust domestic agricultural policies which act as a disincentive to increasing food production and which force adjustments on other countries.

The preparatory meeting for the World Food Conference has given promise of a productive effort in Rome this fall. However, I urge the administration to make every effort to follow through on this good beginning. We in the Congress will be closely watching the preparations for the Conference as they unfold. Food policy is finally beginning to be recognized as one of the world's most important public policy questions. Future generations will not judge us kindly, if we fail in this opportunity to plan for the future food security for the world.

EXPORT CONTROLS ON WHEAT?

Mr. PACKWOOD. Mr. President, much is being said and written today about the wheat supply shortages that may face this Nation come spring. I am convinced that an awful lot of what is being charged by certain groups is little short of scare talk to panic the consumer.

There is no question but what we will face an extremely tight situation in our wheat stocks toward the end of spring. Steps are being taken, however, to insure that this Nation does not run out of wheat; to insure that there is an adequate supply of bread on the grocery store shelves for the American consumer.

Nevertheless, certain interest groups are continuing to pressure the Congress and the administration to institute an embargo on further export shipments of wheat. Paramount among the groups pleading for export controls are the various bakers' organizations around the country. In light of this fact, it is particularly interesting to note in the following article from the Philadelphia Inquirer just who it is would benefit from controls on the export of wheat. As the analysis points out, in any case involving Government intervention in trade, some interests gain, others lose, and still others feel little effect at all. One of the interesting conclusions reached by the authors of the Inquirer article is that the American consumer would probably not be helped one bit by export controls on wheat.

Also, I would direct the attention of my colleagues to the analysis published recently by the First National City Bank. The article in their "Monthly Economic Letter" for February is an excellent description of the supply-demand situation we face as regards wheat.

I ask unanimous consent that the article from the Philadelphia Inquirer and the analysis from First National City Bank be printed in the RECORD.

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

[From the Philadelphia Inquirer, Feb. 17, 1974]

AND NOW, A BREAD CRISIS—75 CENTS A LOAF IS LIKELY

(By Mike Leary and Bill Collins)

The United States could export a great deal of wheat this crop year, as much as 1.38 billion bushels. That's a lot of bread.

On the other hand, it could export as little as 1.2 billion bushels. That, too, is a lot of bread, although not quite as much.

In either case, American housewives are almost certain to be paying 75 cents a loaf for bread sometime this spring.

But even worse, if exports in this crop year, which ends June 30, really do reach 1.38 billion bushels, there may not be any bread to buy for a while in the United States.

However, most officials doubt that the situation will become that desperate.

All this is happening, even though America is awash in amber waves of grain—the 1973–74 wheat crop of 1.7 billion bushels was a record, and the crop coming up is expected to be even bigger, about 2.1 billion bushels.

There were also 430 million bushels left over from 1972–73.

The most important figure to remember is 800 million. This is roughly how many bushels of wheat the United States consumes each year. If you add 1.38 billion bushels in exports to 800 million, the total is 2.18 billion—which is more bushels of wheat than were harvested last year, even when the wheat left over from the year before that is added in.

This means that if the United States uses as much wheat as usual, and also exports all the wheat the grain dealers have contracted to export, there will be a deficit. And this

year's expected 2.1-billion-bushel crop won't provide any relief before July.

Even if the dealers do not ship off all the wheat contracted for, there is almost sure to be a few months when wheat will be a scarce commodity—scarce enough to bring even higher prices than it is bringing now, and current prices are about three and a half times more than wheat was bringing at this time in 1972.

In fact, experts almost unanimously agree the prices will be high enough to force the cost of bread up to 75 cents or more for a pound-and-a-half loaf.

Ironically, a lot of the wheat that may be available to ease the pinch will be the variety used in cake mixes. "May 15 may be 'Let Them Eat Cake Week,'" says Conrad Leslie, a Chicago grain broker and perhaps the most respected private agricultural analyst in the country. May 15 is when Leslie thinks the wheat crunch may come.

The original reason for this mess is a disastrous string of crop failures that blighted much of the world during 1972, but not the United States. This led to unprecedented foreign buying on the American market at a time when the dollar was devalued against other currencies.

"The 400 million-bushel Russian wheat deal of 1972 was only the most publicized of these sales. China also bought huge amounts, as did Japan, India and the European Common Market.

But the world grain market isn't the only factor in the mess.

There are problems in moving the grain from farm to mill, and moving the flour from the mill to the baker. There is the wheeling and dealing in the marketplace, where the farmer, the grain dealer, the miller and the bread maker are fighting it out for profits—and waiting each other out for the best price.

It all adds up to what will probably be the worst wheat year for the American consumer since 1947, when bread-hungry citizens mobbed bakery trucks in the city streets.

Just what the impact of a wheat shortage will be on the American economy in general is difficult to assess. But bread and related foods constitute the tenth largest U.S. industry, larger than such giants as drugs, rubber, machinery and appliances.

While radical government intervention—like the export embargo that bakers have been pressing for—could alleviate the situation by loosening up supplies and lowering prices, it is considered unlikely.

The bakers and the government have been waging war with each other of late. The U.S. Department of Agriculture (USDA) says there is no shortage of wheat and that bakers' cries of $1 bread represent "scare tactics."

"Crisis—every time somebody walks through that door, it's a new crisis," snaps Dr. Don Paarlberg, the USDA's top economist, in his Washington office.

Agriculture Secretary Earl Butz notes that American grain exports are paying for higher costs of imported oil, and point proudly to a $1.7 billion surplus in the U.S. balance of trade last year, almost exclusively the result of soaring agricultural exports.

All along the bread chain, however, the inevitability of higher bread prices and spot shortages of wheat and flour in some sections of the country—continuing at least into the early days of July—is a shared conviction.

From wheat farmers in Hutchinson, Kan., to the swank corporate boardrooms of giant grain companies in Minneapolis; from flour mills in Omaha to the frenetic grain futures trading floor of the Chicago Board of Trade, and at bakeries in Philadelphia, this is not much in dispute.

"If anybody says we're going to have enough wheat to last us until the new crop comes in, they're crazy," snorts Jake DiGiacomo, president of Philadelphia's Bond Baking Co.

On the other end of the wheat spectrum, Walter B. Saunders, a vice president of Cargill, the giant Minneapolis-based grain export company, says he expects some wheat to be left over.

But, he too, expects "spot shortages of wheat and flour in some areas," simply because of problems like a lack of railroad cars to shift wheat from the field to market.

The USDA has, in fact, already taken some steps to ease the pinch: It has asked some foreign buyers to defer taking deliveries, and it has dropped import quotas theoretically to allow foreign wheat to flow in.

So far, it appears these moves have had little impact on the tight domestic supply even though Russia has agreed to delay taking delivery on 30 million bushels of wheat until the new crop year begins on July 1.

"The USDA has already wrung everything they could out of the Russian deferral . . . they can't use it to adjust their figures anymore," says Leslie, the Chicago grain broker.

The only likely source for imported wheat is Canada. But, at the moment, nobody is making the trek to Winnipeg to dicker with the Canadian Wheat Board. The reason: American wheat, as expensive as it is, is still cheaper than Canadian wheat.

The USDA is keeping two sets of figures on wheat exports. One represents the amounts of wheat U.S. dealers have contracted to sell abroad. According to this set of figures, the nation will run about five million bushels short.

The other set represents what the USDA hopes will happen—that as much as 13 percent of the wheat contracted for export will not be wanted and will be dumped back on the domestic market. If that happens, there should be about 178 million bushels on hand to see the country through the two or three months that span the end of the current crop year and the start of the 1974–75 wheat crop's arrival on the maket.

What will happen is probably somewhere in between. It is a fairly safe bet that enough grain will stay in the country to avert an outright shortage. But it is equally safe to wager that it will be scarce enough for there to be spot shortages and fierce bidding in the market. The end result will be a continuing rise in the prices of grain, flour and bread products.

One reason to hope that the worst won't happen is that 155 million bushels contracted for export are listed by the USDA as having "unidentified destinations." This is because the government hasn't been told who is buying it.

Federal officials speculate privately that as much as 80 percent of this wheat has actually been sold to foreign subsidiaries of major American grain companies.

If American grain prices continue to rise, the USDA believes the tug of the free market will make it profitable for some of this grain to be sold at home.

The USDA also is betting that foreign buyers will renege on some of the remainder of the export wheat for which destinations are known.

A standard feature of international grain contracts is a 5 percent leeway that allows an exporter to deliver as much as 105 percent or as little as 95 percent of the contracted amount. The dealer usually books to export the 105 percent.

If domestic prices remain high, the exporter may send off only 95 percent of the contracted amount and put the rest back on the American market.

But this year's exports are not the only thing Federal officials are betting on. They are also wagering that the new wheat crop will be as bountiful as predicted.

Unless the USDA wins both ends of its wheat parlay, the country will probably wind up like any other losing gambler—short.

"Sure there's reason to be concerned," one USDA expert confided. "Remember, we're dealing with a two-billion-bushel crop. If we misjudge it by even one percentage point, we're off by 20 million bushels."

That coming crop is now a thin green carpet stretching across the vast flatlands of Kansas, Oklahoma, and Nebraska, and wide sections of the Dakotas and the state of Washington.

The bulk of it is hard, red winter wheat, used for bread. A smaller part is durum, which is milled into flour for spaghetti and other pasta products.

The USDA expects it to be what one Hutchinson, Kan., farmer calls "the king hell crop of all time." And it is hoping that some of this will be on hand as early as June.

These are big assumptions in a business where farmers make crankly independent marketing decisions, and where the product itself is fully dependent on the vagaries of weather.

Already there are threats of flooding along the Arkansas River, which cuts through prime wheat country. There is a danger of some wheat freezing because no insulating snow is covering the sprouting crop in Kansas. There are dry areas in Texas and Oklahoma that could "burn up" the wheat crop there, as it does two years out of three.

There could also be a shortage of nitrogen fertilizer, particularly anhydrous ammonia, which could severely cut crop yield.

And as Warren Conrad, who farms 1,000 acres of wheat near Hutchinson, says: "A hail storm could blow up anytime and destroy a lot of wheat."

"Wheat is a hardy weed—it dies 50 times before it's harvested," Morton I. Sosland, editor of the flour and bread industry bible, Milling and Baking News, says soothingly in Kansas City, Mo.

Even so, notes Dr. Reynold Dahl, a University of Minnesota agriculture economist, "never before have we been so dependent on the success of a single crop . . . If it fails badly, there could be chaos."

The size of the new crop remains a distant consideration to the millers and bakers, who are worried about possible shortages by May.

Even if the new crop exceeds all expectations, the bakers won't be able to get their hands on it in time to ease the pinch if last year's wheat starts running short.

It takes an average of six weeks for flour to move from the miller to the baker.

It also takes time to move the grain from the farm to the mill—and a shortage of an estimated 10,000 railroad cars adds to the problem. Many elevators stand full of grain because there are no cars to deliver it. Domestic grain dealers say this is because so many cars are being used to carry export wheat to the docks.

The granddaddy of all grain elevators—a half-mile wall of concrete that holds 18 million bushels in Hutchinson—is owned by Far-Mar-Co, a giant cooperative of 300,000 farmers in the breadbasket states of Kansas, Nebraska and Oklahoma. Last year, it handled 11 percent of the American wheat crop.

Far-Mar-Co's monstrous storage structure is still 40 percent full, mostly with wheat. There are no railroad cars to move it.

There are also a lot of farmers who together have been hanging on to millions of bushels of wheat—about 350 million, as of Jan. 1—waiting for higher prices.

In western Kansas and Nebraska, Far-Mar-Co marketing specialist Jan Moyer estimated that 10 to 15 percent of last year's crop is still in storage for one reason or another.

Just outside Hutchinson, Conrad tells a reporter in his handsomely renovated farm house that he's "waiting for the price to go up some more" before unloading 10,000 bushels he's held off the market.

Down the road, neighbor Bill Showalter is holding back 7,000 bushels in a metal storage

bin. "A good investment," says Showalter. The price, now close to $6 a bushel, is expected by many farmers to keep rising.

With a sizeable chunk of the old crop tied up in the pipeline and the crop coming too late to be of much help, bakers see their only recourse is an export embargo. And they are reportedly readying a massive public relations campaign to influence public opinion in their favor.

A major target in such a campaign would be the USDA, which seriously underestimated foreign demand for American wheat last year, and kept millions of wheat acres fallow with subsidies.

Last year, the subsidies totaled $476 million. The subsidies were stopped this year.

Wheat acreage was up across the country—to 50 million acres, a 14 percent increase over the year before—but the total was still far under 1949's record of 84 million acres, an estimated 13 million acres remained fallow.

The sheer size of import demand in 1972—when the Russians first entered the market—should have been a tipoff to heavy future foreign demand, bakers feel.

If an export embargo were to be imposed now, it would mean some grain interests would lose money, although it is unlikely that any would lose their shirt. Some interests would also gain.

Bakers would be the big beneficiary. The price of wheat almost certainly would plunge if large amounts of wheat suddenly dumped back on the American market. That would mean cheaper ingredient costs and broader profit margins at a time when baking is becoming an increasingly risky business.

The interest in the middle—the millers—would neither gain nor lose a great deal. As the price of wheat has risen, they've refused to buy ahead unless they had a solid contract from a baker.

Grain companies would lose their profit margins on undelivered exports, and they would be forced to dump some wheat back on domestic markets at prices lower than they purchased it.

But most of them have already shipped two-thirds of their export orders, and that money is in the bank. And the loss they take on the domestic market would be absorbed somewhat by sales to subsidiaries in the baking or flour business. Cargill, for instance, has large interests in flour mills.

For the weakest links on the bread chain—the farmer and the consumer—there would be little cause for rejoicing.

The farmer probably would still get a price above last year's harvest level, but considerably less than he could expect if he sold his wheat today.

Rising production costs—for seed, fertilizer, machinery and fuel—would cut his income even more.

And the consumer, for his part, would probably still have to pay that 75 cents for a loaf of bread, simply because it would take some time for an embargo to take effect.

Dahl, the Minnesota professor, offers the solace that Americans "have had the lowest food costs in the world over the past 25 years—that situation couldn't last forever."

But he admits that the idea of higher bread costs—temporary as they might be—"probably won't go over very well."

[From the Monthly Economic Letter, February 1974]

WHY CONSUMERS MAY GET HIT IN THE BREADBASKET

(Greater demand from abroad could pull the U.S. wheat surplus down almost to the zero level. The result, more likely than not, will be another shortage—and higher bread prices.)

The irony of a Russian official offering to sell wheat to the United States has brought fears of an impending wheat shortage forward to shore the front pages with the energy shortfall. In the process, America's image as the world's breadbasket has vanished along with its erstwhile surpluses of food grains. And the American consumer—with milling and baking interests talking $1-a-loaf in one ear and the government making soothing sounds in the other—is beginning to realize that the truth probably lies somewhere in between.

The evidence is starting to mount. At Kansas City, No. 1 hard winter ordinary protein wheat jumped to a record $5.93 per bushel on January 14 before receding to $5.55½ late last month. Even so, the latter price is still more than twice the year-ago level.

Similarly, the New York wholesale price of hard winter wheat flour recently spurted to a record $15 per hundredweight before softening to $14.35, a level 60% higher than the $8.95 of a year ago. Going further down the distribution line, in New York City retail prices of bread rose 4–5c for a one-pound loaf in recent weeks to 42–45c. And bread prices there might rise by an additional 2–4c a pound if, as is anticipated, flour prices rise further.

The prospect of wheat and flour shortages is the direct result of U.S. wheat exports which have been running at unprecedented levels. And domestic millers and bakers are greatly concerned about the availability of sufficient wheat and flour supplies before the new-crop harvest of the No. 1 bread grain begins.

The U.S. Department of Agriculture has several times in recent months urged mill interests to fend for themselves in maintaining adequate wheat inventories. Under old farm programs, the government always had a supply of unredeemed, surplus wheat, which it could inject into the market to stabilize prices. But since recent shortages abroad caused world prices to soar, that carryover has gone, and U.S. farmers are virtually growing for the market.

An exporter of wheat can complete a sale and then buy in the futures market for later delivery. A miller must have bookings of flour from makers in order to know what price he can afford. But with wheat prices record high, bakers have been extremely cautious in covering future flour requirements, in the hope that prices would become more favorable for them.

As one flour mill broker recently stated: "Without flour sales protection, no flour mill can afford the cost and risk of maintaining a large inventory." Meanwhile, the USDA contends that the bakers are holding up the inventory process and that it is the bakers who must commit themselves for flour for the balance of the crop year so millers will know how much wheat to book.

THE BATTLE JOINED

Although smoldering for several months, the difference of opinion between the millers and bakers and the USDA on the possibility of a wheat shortage hit the headlines on January 9. That day, Bill O. Mead, chairman of the American Bakers Association, declared that wheat supplies this spring could become scarce enough to boost the price of a family-size loaf of bread of 1½ pounds as high as $1. Alluding to the sharp rise in prices of wheat and flour, Mr. Mead declared:

"At any price, the quantities of wheat available for future delivery are very limited and a wheat shortage appears inevitable this spring unless export controls are instituted on wheat. The demand from abroad has increased to unanticipated levels The absence of export controls, and the fear that such controls may soon be imposed have caused foreign customers to buy in unprecedented quantities and at whatever price is necessary to obtain such quantities.

"To state it simply, foreign buyers are hoarding U.S. wheat . . . There is no way of escaping some kind of export control on wheat and other cereal grains, if the American consumer is to receive reasonable equity. The longer the delay, the greater the disruption, and the more painful the solution."

Shortly after Mr. Mead's statement, USDA officials issued denials that export controls were needed. Perhaps the most scathing retort came from Secretary of Agriculture Earl L. Butz. Taking direct aim at Mr. Mead's $1-a-loaf prediction, Secretary Butz accused the bakers of "intentionally or unintentionally" launching "an irresponsible scare tactic . . . to catch the headlines and perpetrate a hoax on consumers . . . Why don't you tell consumers the truth about bread? Tell them that the average price of a 1½ lb. loaf of bread is about 47¢ and that the farm value of the wheat in that size loaf of bread is just over 7¢. Other costs and profits account for 40¢ of the 47¢ cost of a 1½ lb. loaf of bread."

In order for the wheat in a 1½ lb. loaf of bread to be responsible for $1 bread, Secretary Butz said, the farm value of that wheat would have to jump from the present 7¢ to 60¢—the 60¢ being the difference between $1 per loaf and the other 40¢ of nonwheat costs and profits in a loaf. For the farm value of the wheat in a 1½ lb. loaf to rise to that 60¢ wheat at the farm would have to rise to about $33 per bushel, six times the present price.

Mr. Butz went on to say that the USDA was working closely with the grain industry in monitoring the export situation to make sure that no serious problems develop. In this connection, he indicated that wheat exporting firms have been asked to defer overseas delivery of wheat until the new crop year. Also, he pointed out that by late May and June we will have wheat coming off Southern and Southeastern farms, and that this wheat will be cheaper than present wheat.

After assuring consumers that there will be adequate wheat, Secretary Butz recalled that costly farm programs of the past virtually guaranteed grain surpluses to the milling and baking industries at rock-bottom prices for nearly 40 years. "Now," the Secretary declared, "the milling and baking industries must assume the responsibility for assuring their own supplies of raw materials, as other industries do. Uncle Sam isn't paying for it any more."

VANISHING SURPLUSES

The U.S. carryover of old wheat last July 1 amounted to 438 million bushels, about half of stocks on hand a year earlier and the smallest in six years. Added to the record 1973 crop of slightly over 1.71 billion bushels, U.S. total wheat supplies in the current 1973–74 marketing year are indicated at around 2.15 billion bushels, down from about 2.41 billion last season.

Against these supplies, the USDA is currently estimating 1973–74 distribution of wheat at 1.97 billion bushels, including 772 million for domestic use and exports of 1.2 billion. On this basis, the July 1, 1974 carryover of old wheat is projected at 178 million bushels, the smallest since the 1947 carryover of 83.8 million bushels. However, many in the wheat trade—pointing to actual exports since July 1 and sales commitments for the balance of the season—believe that 1973–74 full-season exports could exceed 1.3 billion bushels. In that event, the July 1 carryover would be close to zero.

Actually, a zero wheat carryover—a complete exhaustion of old supplies—is virtually impossible, since a minimum of about 150 million bushels is needed in the pipelines. At that level, however, since mills are spread out over the country, spot shortages of supplies undoubtedly would occur in some areas.

Although the price of bread, as Secretary Butz claims, is not likely to go as high as

$1 per loaf, wheat probably is in shorter supply than admitted by the USDA—even when its own statistics are used.

In fact, the USDA has been doing its utmost to get exporters to postpone shipments and to encourage importing nations to defer arrivals until new-crop supplies are available. Moreover, the Administration has been urging Canada and other foreign wheat producers to speed up their exports to big importers abroad. Obviously, these actions have been taken to ease the pressure on U.S. supplies from wheat-hungry countries—particularly since the current Argentine crop is on the short side and the harvest in Australia, while well above a year ago, is not up to previous expectations.

Another attempt to maximize available wheat supplies was the Administration's recent suspension—following a recommendation of the Tariff Commission—of import quotas on wheat and milled wheat products through June 30. These import quotas—which amounted to 800,000 bushels of wheat and 4 million pounds of milled wheat products per year—were largely assigned to Canada, which has used only a very small fraction of its quotas for wheat.

Despite this suspension, with Canadian wheat generally selling for higher prices than comparable U.S. grades, little wheat from that source is expected in the months ahead. Shipping facilities are scarce and transportation costs from Canada to most U.S. destinations are high. If the suspension of quotas is continued past June 30 and world wheat supplies become more plentiful, wheat imports from Canada probably would increase markedly. But even while the quotas are suspended, the USDA believes that large-scale imports might be discouraged by import duties of 21¢ per bushel of wheat and 51¢ per hundredweight of milled wheat products.

Assuming that domestic millers and bakers can somehow manage to get enough wheat to meet their needs in the months ahead, a wheat supply crisis would be averted. And once new crops are available, the supply situation should improve materially. The prospective record winter wheat crop of over 1.5 billion bushels plus a sizable spring wheat harvest indicated by planting intentions suggest that—if weather and other growing conditions are favorable—the 1974 U.S. total wheat crop will reach a new all-time high of 2 billion or more bushels.

A harvest of that size—unless crops in other countries dip below expectations and keep pressure on U.S. exports—probably would rebuild the U.S. carryover of old wheat by July 1, 1975 to around 450 million bushels. However, a 2 billion bushel crop, or a crop of any size, cannot be counted on until it is actually harvested. It may be recalled that the USDA had hoped for a 1973 corn crop of 6 billion bushels but the final count, while a record harvest, was 5.64 billion bushels. The same thing could occur in wheat. For today, as always, nothing is certain except death and taxes—and perhaps shortages of such key commodities as wheat and petroleum.

MORALITY OF THE NATION

Mr. FULBRIGHT. Mr. President, the Reverend William P. Shows, pastor of the First Presbyterian Church in Osceola, Ark., recently spoke to the Osceola Rotary Culb on the public morality of this Nation.

Reverend Shows pointed out that all Americans have a stake in assuring that Government at all levels is administered in a fair and honest manner. He said:

The cure for the terrible mess of our day lies in taking it seriously. We must begin by caring about honesty, or integrity in all walks of life. We must demand integrity of ourselves and our leaders.

He urged his listeners to get off the sidelines and quit being spectators.

Get into the game, but play by the rules and demand that others also play by the rules and that those who coach us and serve as referees play by and enforce the rules also.

Mr. President, there is much of merit in Reverend Shows' comments and I ask unanimous consent that the text of his remarks, as printed in the Osceola Times of February 14, be printed in the RECORD.

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

"DOES CORRUPTION MATTER?" YOU SAY, "EVERYBODY'S DOING IT!"

(By the Rev. William P. Shows)

I am about to fall prey to that old saying, "Everybody's got to get in their two cents worth." So I want to ask you, Does corruption matter, the outright corruption that is going on in all of American life?

What's the fuss all about anyway? That's what a lot of Americans are saying about the situation we find ourselves emeshed in today. In a Gallup pole that was taken, some months ago now, over half of the Americans questioned said that Watergate and, all the related things we hear about, was just "politics-the kind of thing that both parties engage in." From observation I think we would agree that many people in our community, our circle of friends and even in our churches are saying, Why so much fuss, what's the big deal. Everybody's doing it.

Now, it is not my purpose to defend or to judge the Watergate participants or any other person for that matter. But I do want to point out that it is a big deal, that it is something to make a fuss about when a nations people become lethargic and indifferent to the great moral principals upon which this nation and all life is founded. You know a verse in Proverbs from the lips of a very wise man says "Righteousness exalts a nation, but sin is a reproach to any people."

Now, I would not deny that almost everybody is doing it. But what we have to face up to is the end result. If corruption and immorality goes unchecked, its effects upon people are disastrous. We believe that in America. That's exactly why we make laws, to catch or at least deter some of the everybodies that do so many things that threaten the rights, the happiness and survival of the rest of us.

Well, who are the everybodies? I will not name a single name, and so you say he is as vague as everyone else. But before you dismiss what I am saying as a lot of "Hash" use some common sense and look around you. That list of everybodies is getting long enough to threaten the good life that we have so long enjoyed. And the list includes many more than those people in Washington that you might want to name. You read your papers, you listen to the news, you even listen to local gossip. You know what's going on. You know about power groups and vested structures, all the way from Wall Street, through Washington to Little Rock and into Osceola. You know what is happening that ought not to happen and what is not happening that ought to happen because of personal and group interest, of inflated ego, and greed, because someone or some group or political party wants to be on top of the heap, because people will go to all ends to impose their plan, or their dream or their idealogy upon others. And the rest of us! Do we share the blame and guilt for the falling apart, deterioration of our nation, our community, our schools, churches. Yes! Because we are sitting in our hospitals, our homes and even our the grand stands as spectators only as the game of life degenerates into a brawl while the rules are being ignored and broken.

Let me assure you that it matters. Even if you go so far as to believe that everybody is dishonest and every politician corrupt, it matters. It matters to citizens who count on the national administration to deal with crime in the streets, to restore integrity and responsiveness to government. It matters to those who are caught in between; whose lives are squeezed into a mold they did not choose, or do not like. It matters to that person who is raped, or beaten or robbed or shot to death. It matters to that person who becomes addicted to hard drugs while we argue about the merits of marijuana. It matters to people who cannot afford adequate medical care or those who buy inferior products at today's inflated prices. It matters to our children and young people who are being educated in schools that are not as good as we can make them. Yes, it matters and we the people must resist the self-destruction of social, political, and moral corruption. Greed, bribery, dishonesty, perjury and sin will always matter.

To a people who will shrug their shoulders and say what's the big deal anyway, that wise old Solomon will say, "The house of the wicked will be destroyed, but the ten of the upright will flourish. A wise man is cautious and turns away from evil, but a fool throws off a restraint. The wicked is overthrown through his evil-doing, but the righteous finds refuge in his integrity.

Now, granted that some of you perhaps and a lot of Americans do not take the words and message of the Bible as seriously as I do and as many other Ministers and Christians do. Well, all right. I don't think you are fools. I think you are very intelligent and that you are men of integrity. The cure for the terrible mess of our day lies in taking it seriously. We must begin by caring about honesty or integrity in all walks of life. We must demand integrity of ourselves and our leaders.

Someone has said the faulty rationale of the Watergate caper will go down in history as Watergate logic. It goes like this: Whatever I may have done, I did it in the belief that it was for the good of my country. Now add to that the rationale that everybody's doing it; it affects no one but myself; situations are changing, a new day requires a new morality, etc. and its not so hard to explain how we have arrived at this place where we find ourselves today. But let me ask, do you like it? Do you want it to be better? Do you want Americans, Arkansas, Osceola to overcome their problems and move forward? Do you want better schools, better homes, better hospitals, better communities, a better way of life. Then you had better beleve it matters. You must get off the side line-quit being a spectator at the game of life. Get into the game but play by the rules and demand that others also play by the rules and that those who coach us and serve as referees play by and enforce the rules also.

LITHUANIAN INDEPENDENCE DAY

Mr. GRIFFIN. Mr. President, in this month we observe two anniversaries which are symbolic of our freedom and independence—the birthdays of George Washington and Abraham Lincoln.

This month also marks another anniversary—the 56th anniversary of Lithuanian independence.

After 20 years of existence the free Lithuanian state, caught up in the tides

of World War II, was subjugated by alien forces in 1938. But the spirit of freedom lives on in the hearts and minds of the Lithuanian people.

Over this past weekend, more than a million Americans of Lithuanian descent, including many fine citizens of my State, took note of the anniversary and expressed once again their determination to be free.

In 1859, before he became President, Lincoln wrote:

> Those who deny freedom to others deserve it not for themselves. . . .

It is most appropriate to salute those who observe this anniversary and who strive to maintain, in words and deeds, the universal principles of independence, personal liberty, and human dignity.

STEWART McCLURE

Mr. MONDALE. Mr. President, I take great pleasure in offering this expression of appreciation and commendation to Stewart McClure, and join my distinguished colleagues in their tribute to him on the occasion of his recent retirement from the Committee on Labor and Public Welfare. During the years that Stewart McClure served the committee as chief clerk and staff director, all those associated with him were well aware of his thoughtful consideration for the committee's needs and his thorough understanding of legislative process.

During the 5 years that I have been a member of the Committee on Labor and Public Welfare, I have welcomed and appreciated the guidance that Stewart McClure has given through his knowledge and advice. His reasoned opinons and support are the source of the gratitude we have all felt in our association with Stewart McClure. He deserves now our fond wishes as he leaves the task he has so capably served.

LITHUANIAN INDEPENDENCE — A LINK WITH MANKIND'S STRUGGLE FOR FREEDOM

Mr. BAYH. Mr. President, on this occasion which marks the 56th anniversary of Lithuania's independence. I take pride in joining with my colleagues to salute these gallant people. The contributions which they have made in the areas of education, literature, the arts, as well as the example of their heroic struggle for independence, have added immensely to the richnesess of our country and its promise of a haven for those who have been deprived of a democratic homeland. But before Lithuania was forceably incorporated into the Soviet Union, the world was also made a little richer for the cultural and artistic contributions which the Lithuanians as a people were able to offer.

We know the tragic story of how Lithuania fell victim to the aggressive designs of Hitler's Germany and Stalin's Russia. As an "Autonomous Republic" on the Soviet periphery, the citizens of Lithuania have been threatened since the Red army takeover of August 3, 1940, with a form of social organization which goes beyond mere political control. The socalled "nationalities policies" which are being pursued by the Soviet Union are directed at destroying the basic cultural identities of the 180 ethnic and racial groups which populate the vast expanse of Soviet real estate. And it could well be this aspect of the Lithuanian people's plight that is the greatest tragedy for its implications extend beyond the borders of her own territory to the frontiers of men's minds.

During the past several years on this occasion, it has been customary to reaffirm our pledge of support for Lithuania's struggle to again realize her self-determination. It is vital that we who have built a free society use our freedom to make clear to those who have destroyed the hopes of millions that we find their policies of political dehumanization completely inconsistent with what the American people believe in or will accept. And I believe that the stirrings of dissent in the Soviet Union at the present time signal that we are not alone in this conviction. Expressions of deep concern about the dehumanizing impact which these and other policies are having on Lithuanians, Ukrainians, Armenians, Byelorussians, Georgians and other nations in the U.S.S.R. have been published in the West. In this connection, I believe that the exiled Alexander Solzhenitsyn has summed up the relationship between our freedom and the freedom of these nationalities best in his letter accepting his Nobel Prize for Literature. On this occasion I request that this letter be read into the RECORD as a demonstration of our support for his struggle as I think he may well have expressed his support for Lithuania and other nationalities by observing that:

> In recent times it has been fashionable to talk of the levelling out of nations, of the disappearance of different races in the melting-pot of contemporary civilization. I do not agree with this opinion. . . Here it is merely fitting to say that the disappearance of nations would have impoverished us no less than if all men had become alike, with one personality and one face. Nations are the wealth of mankind, its collective personalities; the very least of them wears its own special colours and bears within itself a special facet of divine intention.

These great words by a great author remind us of our obligations as free men—the duty to condemn political repression from the left as well as the right. That Lithuanian Independence day has called these duties to mind bestows perhaps the greatest tribute to the courage and commitment to liberty of the Lithuanian people and our link with their struggle to be free.

I ask unanimous consent that the letter of acceptance referred to above be printed in the RECORD at this point.

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

A. SOLZHENITSYN ACCEPTANCE IN FORM OF LETTER TO THE ACADEMY—NOBEL LECTURE IN LITERATURE 1970

Just as that puzzled savage who has picked up—a strange cast-up from the ocean?—something unearthed from the sands?—or an obscure object fallen down from the sky?—intricate in curves, it gleams first dully and then with a bright thrust of light. Just as he turns it this way and that, turns it over, trying to discover what to do with it, trying to discover some mundane function within his own grasp, never dreaming of its higher function.

So also we, holding Art in our hands, confidently consider ourselves to be its masters; boldly we direct it, we renew, reform and manifest it; we sell it for money, use it to please those in power; turn to it at one moment for amusement—right down to popular songs and night-clubs, and at another—grabbing the nearest weapon, cork or cudgel—for the passing needs of politics and for narrow-minded social ends. But art is not defiled by our efforts, neither does it thereby depart from its true nature, but on each occasion and in each application it gives to us a part of its secret inner light.

But shall we ever grasp the whole of that light? Who will dare to say that he has defined Art, enumerated all its facets? Perhaps once upon a time someone understood and told us, but we could not remain satisfied with that for long; we listened, and neglected, and threw it out there and then, hurrying as always to exchange even the very best—if only for something new! And when we are told again the old truth, we shall not even remember that we once possessed it.

One artist sees himself as the creator of an independent spiritual world; he hoists onto his shoulders the task of creating this world, of peopling it and of bearing the all-embracing responsibility for it; but he crumples beneath it, for a mortal genius is not capable of bearing such a burden. Just as man in general, having declared himself the centre of existence, has not succeeded in creating a balanced spiritual system. And if misfortune overtakes him, he casts the blame upon the age-long disharmony of the world, upon the complexity of to-day's ruptured soul, or upon the stupidity of the public.

Another artist, recognizing a higher power above, gladly works as a humble apprentice beneath God's heaven; then however, his responsibility for everything that is written or drawn, for the souls which perceive his work, is more exacting than ever. But, in return, it is not he who has created this world, not he who directs it, there is no doubt as to its foundations; the artist has merely to be more keenly aware than others of the harmony of the world, of the beauty and ugliness of the human contribution to it, and to communicate this acutely to his fellow-men. And in misfortune, and even at the depths of existence—in destitution, in prison, in sickness—his sense of stable harmony never deserts him.

But all the irrationality of art, its dazzling turns, its impredictable discoveries, its shattering influence on human beings—they are too full of magic to be exhausted by this artist's vision of the world, by his artistic conception or by the work of his unworthy fingers.

Archeologists have not discovered stages of human existence so early that they were without art. Right back in the early morning twilights of mankind we received it from Hands which we were too slow to discern. And we were too slow to ask: For what purpose have we been given this gift? What are we to do with it?

And they were mistaken, and will always be mistaken, who prophesy that art will disintegrate, that it will outlive its forms and die. It is we who shall die—art will remain. And shall we comprehend, even on the day of our destruction, all its facets and all its possibilities?

Not everything assumes a name. Some things lead beyond words. Art inflames even a frozen, darkened soul to a high spiritual

experience. Through art we are sometimes visited—dimly, briefly—by revelations such as cannot be produced by rational thinking.

Like that little looking-glass from the fairy-tales: look into it and you will see—not yourself—but for one second, the Inaccessible, whither no man can ride, no man fly. And only the soul gives a groan . . .

One day Dostoevsky threw out the enigmatic remark: "Beauty will save the world". What sort of statement is that? For a long time I considered it mere words. How could that be posible? When in bloodthirsty history did beauty ever save anyone from anything? Ennobled, uplifted, yes—but whom has it saved?

There *is*, however, a certain peculiarity in the essence of beauty, a peculiarity in the status of art: namely, the convincingness of a true work of art is completely irrefutable and it forces even an opposing heart to surrender. It is possible to compose an outwardly smooth and elegant political speech, a headstrong article, a social program, or a philosophical system on the basis of both a mistake and a lie. What is hidden, what distorted, will not immediately become obvious.

Then a contradictory speech, article, program, a differently constructed philosophy rallies in opposition—and all just as elegant and smooth, and once again it works. Which is why such things are both trusted and mistrusted.

In vain to reiterate what does not reach the heart.

But a work of art bears within itself its own verification: conceptions which are devised or stretched do not stand being portrayed in images, they all come crashing down, appear sickly and pale, convince no one. But those works of art which have scooped up the truth and presented it to us as a living force—they take hold of us, compel us, and nobody ever, not even in ages to come, will appear to refute them.

So perhaps that ancient trinity of Truth, Goodness and Beauty is not simply an empty, faded formula as we thought in the days of our self-confident, materialistic youth? If the tops of these three trees converge, as the scholars maintained, but the too blatant, too direct stems of Truth and Goodness are crushed, cut down, not allowed through—then perhaps the fantastic, impredictable, unexpected stems of Beauty will push through and soar to that very same place, and in so doing will fulfill the work of all three?

In that case Dostoevsky's remark, "Beauty will save the world", was not a careless phrase but a prophecy? After all HE was granted to see much, a man of fantastic illumination?

And in that case art, literature might really be able to help the world today?

It is the small insight which, over the years, I have succeeded in gaining into this matter that I shall attempt to lay before you here to-day.

In order to mount this platform from which the Nobel lecture is read, a platform offered so far from every writer and only once in a life-time, I have climbed not three or four makeshift steps, but hundreds and even thousands of them; unyielding, precipitous, frozen steps, leading out of the darkness and cold where it was my fate to survive, while others—perhaps with a greater gift and stronger than I—have perished. Of them, I myself met but a few on the Archipelago of GULag,* shattered into its fractionary multitude of islands; and beneath the millstone of shadowing and mistrust I did not talk to them all, of some I only heard, of others still I only guessed. Those who fell into that abyss already bearing a literary name are at least known, but how many were never recognized, never once mentioned in public? And virtually no one managed to return. A whole national literature remained there, cast into oblivion not only without a grave, but without even underclothes, naked, with a number tagged on to its toe. Russian literature did not cease for a moment, but from the outside it appeared a waste-land! Where a peaceful forest could have grown, there remained, after all the felling, two or three trees overlooked by chance.

And as I stand here to-day, accompanied by the shadows of the fallen, with bowed head allowing others who were worthy before to pass ahead of me to this place, as I stand here, how am I to divine and to express what they would have wished to say?

This obligation has long weighed upon us, and we have understood it. In the words of Vladimir Solov'ev:

"Even in chains we ourselves must complete

"That circle which the gods have mapped out for us."

Frequently, in painful camp seethings, in a column of prisoners, when chains of lanterns pierced the gloom of the evening frosts, there would well up inside us the words that we shoud like to cry out to the whole world, if the whole world could hear one of us. Then it seemed so clear: what our successful ambassador would say, and how the world would immediately respond with its comment. Our horizon embraced quite distinctly both physical things and spiritual movements, and it saw no lop-sidedness in the indivisible world. These ideas did not come from books, neither were they imported for the sake of coherence. They were formed in conversations with people now dead, in prison cells and by forest fires, they were tested against that life, they grew out of that existence.

When at last the outer pressure grew a little weaker, my and our horizon broadened and gradually, albeit through a minute chink, we saw and knew "the whole world". And to our amazement the whole world was not at all as we had expected, as we had hoped; that is to say a world living "not by that", a world leading "not there", a world which could exclaim at the sight of a muddy swamp, "what a delightful little puddle!", at concrete neck stocks, "what an exquisite necklace!"; but instead a world where some weep inconsolate tears and others dance to a light-hearted musical.

How could this happen? Why the yawning gap? Were we insensitive? Was the world insensitive? Or is it due to language differences? Why is it that people are not able to hear each other's every distinct utterance? Words cease to sound and run away like water—without taste, colour, smell. Without trace.

As I have come to understand this, so through the years has changed and changed again the structure, content and tone of my potential speech. The speech I give to-day.

And it has little in common with its original plan, conceived on frosty camp evenings.

From time immemorial man has been made in such a way that his vision of the world, so long as it has not been instilled under hypnosis, his motivations and scale of values, his actions and intentions are determined by his personal and group experience of life. As the Russian saying goes, "Do not believe your brother, believe your own crooked eye." And that is the most sound basis for an understanding of the world around us and of human conduct in it. And during the long epochs when our world lay spread out in mystery and wilderness, before it became encroached by common lines of communication, before it was transformed into a single, convulsively pulsating lump—men, relying on experience, ruled without mishap within their limited areas, within their communities, within their societies, and finally on their national territories. At that time it was possible for individual human beings to perceive and accept a general scale of values, to distinguish between what is considered normal, what incredible; what is cruel and what lies beyond the boundaries of wickedness; what is honesty, what deceit. And although the scattered peoples led extremely different lives and their social values were often strikingly at odds, just as their systems of weights and measures did not agree, still these discrepancies surprised only occasional travellers, were reported in journals under the name of wonders, and bore no danger to mankind which was not yet one.

But now during the past few decades, imperceptibly, suddenly, mankind has become one—hopefully one and dangerously one—so that the concussions and inflammations of one of its parts are almost instantaneously passed on to others, sometimes lacking in any kind of necessary immunity. Mankind has become one, but not steadfastly one as communities or even nations used to be; not united through years of mutual experience, neither through possession of a single eye, affectionately called crooked, nor yet through a common native language, but, surpassing all barriers, through international broadcasting and print. An avalanche of events descends upon us—in one minute half the world hears of their splash. But the yardstick by which to measure those events and to evaluate them in accordance with the laws of unfamiliar parts of the world—this is not and cannot be conveyed via sound-waves and in newspaper columns. For these yardsticks were matured and assimilated over too many years of too specific conditions in individual countries and societies; they cannot be exchanged in mid-air. In the various parts of the world men apply their own hard-earned values to events, and they judge stubbornly, confidently, only according to their own scales of values and never according to any others.

And if there are not many such different scales of values in the world, there are at least several; one for evaluating events near at hand, another for events far away; aging societies possess one, young societies another; unsuccessful people one, successful people another. The divergent scales of values scream in discordance, they dazzle and daze us, and so that it might not be painful we steer clear of all other values, as though from insanity, as though from illusion, and we confidently judge the whole world according to our own home values. Which is why we take for the greater, more painful and less bearable disaster not that which is in fact greater, more painful and less bearable, but that which lies closest to us. Everything which is further away, which does not threaten this very day to invade our threshold—with all its groans, its stifled cries, its destroyed lives, even if it involves millions of victims—this we consider on the whole to be perfectly bearable and of tolerable proportions.

In one part of the world, not so long ago, under persecutions not inferior to those of the ancient Romans', hundreds of thousands of silent Christians gave up their lives for their belief in God. In the other hemisphere a certain madman (and no doubt he is not alone), speeds across the ocean to deliver us from religion—with a thrust of steel into the high priest! He has calculated for each and every one of us according to his personal scale of values!

That which from a distance, according to one scale of values, appears as enviable and flourishing freedom, at close quarters, and according to other values, is felt to be infuriating constraint calling for buses to be overthrown. That which in one part of the

* The Central Administration of Corrective Labour Camps.

world might represent a dream of incredible prosperity, in another has the exasperating effect of wild exploitation demanding immediate strike. There are different scales of values for natural catastrophies; a flood craving two hundred thousand lives seems less significant than our local accident. There are different scales of values for personal insults: sometimes even an ironic smile or a dismissive gesture is humiliating, while at others cruel beatings are forgiven as an unfortunate joke. There are different scales of values for punishment and wickedness: according to one, a month's arrest, banishment to the country, or an isolation-cell where one is fed on white rolls and milk, shatters the imagination and fills the newspaper columns with rage. While according to another, prison sentences of twenty-five years, isolation-cells where the walls are covered in ice and the prisoners stripped to their underclothes, lunatic asylums for the sane, and countless unreasonable people who for some reason will keep running away, shot on the frontiers—all this is common and accepted. While the mind is especially at peace concerning that exotic part of the world about which we know virtually nothing, from which we do not even receive news of events, but only the trivial, out-of-date guesses of a few correspondents.

Yet we cannot reproach human vision for this duality, for the dumfounded incomprehension of another man's distant grief, man is just made that way. But for the whole of mankind, compressed into a single lump, such mutual incomprehension presents the threat of imminent and violent destruction. One world, one mankind cannot exist in the face of six, four or even two scales of values: we shall be torn apart by this disparity of rhythm, this disparity of vibrations.

A man with two hearts is not for this world, neither shall we be able to live side by side on one Earth.

But who will co-ordinate these value scales, and how? Who will create for mankind one system of interpretation, valid for good and evil deeds, for the unbearable and the bearable, as they are differentiated today? Who will make clear to mankind what is really heavy and intolerable and what only grazes the skin locally? Who will direct the anger to that which is most terrible and not to that which is nearer? Who might succeed in transferring such as understanding beyond the limits of his own human experience? Who might succeed in impressing upon a bigoted, stubborn human creature the distant joy and brief of others, an understanding of dimensions and deceptions, which he himself has never experienced? Propaganda, constraint, scientific proof—all are useless. But unfortunately there does exist a means in our world! That means is art. That means is literature.

They can perform a miracle: they can overcome man's detrimental peculiarity of learning only from personal experience so that the experience of other people passes him by in vain. From man to man, as he completes this brief spell on earth, art transfers the whole weight of an unfamiliar, lifelong experience with all its burdens, in colours, its sap of life; it recreates in the flesh an unknown experience and allows us to possess it as our own.

And even more, much more than that; both countries and whole continents repeat each other's mistakes with time lapses which can amount to centuries. Then, one would think, it would all be so obvious! But no; that which some nations have already experienced, considered and rejected, is suddenly discovered by others to be the latest word. And here again, the only substitute for an experience we ourselves have never lived through is art, literature. They possess a wonderful ability: beyond distinctions of language, custom, social structure they can convey the life experience of one whole nation to another. To an experienced nation they can convey a harsh national trial lasting many decades, at best sparing an entire nation from a superfluous, or mistaken, or even disastrous course, thereby curtailing the meanderings of human history.

It is this great and noble property of art that I urgently recall to you today from the Nobel tribune.

And literature conveys irrefutable condensed experience in yet another invaluable direction; namely, from generation to generation. Thus it becomes the living memory of the nation. Thus it preserves and kindles within itself the flame of her spent history, in a form which is safe from deformaton and slander. In this way literature, together with language, protects the soul of the nation.

(In recent times it has been fashionable to talk of the levelling out of nations, of the disappearance of different races in the melting-pot of contemporary civilization. I do not agree with this opinion, but its discussion remains another question. Here it is merely fitting to say that the disappearance of nations would have improverished us no less than if all men had become alike, with one personality and one face. Nations are the wealth of mankind, its collective personalities; the very least of them wears its own special colours and bears within itself a special facet of divine intention.)

But woe to that nation whose literature is disturbed by the intervention of power. Because that is not just a violation against "freedom of print", it is the closing down of the heart of the nation, a slashing to pieces of its memory. The nation ceases to be mindful of itself, it is deprived of its spiritual unity, and despite a supposedly common language, compatriots suddenly cease to understand one another. Silent generations grow old and die without ever having talked about themselves, either to each other or to their descendants. When such as Achmatova and Zamjatin—interred alive throughout their lives—are condemned to create in silence until they die, never hearing the echo of their written words, then that is not only their personal tragedy, but a sorrow to the whole nation, a danger to the whole nation.

In some cases moreover—when as a result of such a silence the whole of history ceases to be understood in its entirety—it is a danger to the whole of mankind.

At various times and in various countries there have arisen heated, angry and exquisite debates as to whether art and the artist should be free to live for themselves, or whether they should be for ever mindful of their duty towards society and serve it albeit in an unprejudiced way. For me there is no dilemma, but I shall refrain from raising once again the train of arguments. One of the most brilliant addresses on this subject was actually Albert Camus' Nobel speech, and I would happily subscribe to his conclusions. Indeed Russia literature has for several decades manifested an inclination not to become too lost in contemplation of itself, not to flutter about too frivolously. I am not ashamed to continue this tradition to the best of my ability. Russian lierature has long been familiar with the notions that a writer can do much within his society, and that it is his duty to do so.

Let us not violate the right of the artist to express exclusively his own experiences and introspections, disregarding everything that happens in the world beyond. Let us not demand of the artist, but—reproach, beg, urge and entice him—that we may be allowed to do. After all, only in part does he himself develop his talent; the greater part of it is blown into him at birth as a finish product, and the gift of talent imposes responsibility on his free will. Let us assume that the artist does not owe anybody anything: nevertheless, it is painful to see how, by retiring into his self-made worlds or the spaces of his subjective whims, he can surrender the real world into the hands of men who are mercenary, if not worthless, if not insane.

Our twentieth century has proved to be more cruel than preceding centuries, and the first fifty years have not erased all its horrors. Our world is rent asunder by those same old cave-age emotions of greed, envy, lack of control, mutual hostility which have picked up in passing respectable pseudonyms like class struggle, racial conflict, struggle of the masses, trade-union disputes. The primeval refusal to accept a compromise has been turned into a theoretical principle and is considered the virtue of orthodoxy. It demands millions of sacrifices in ceaseless civil wars, it drums into our souls that there is no such thing as unchanging, universal concepts of goodness and justice, that they are all fluctuating and inconstant. Therefore the rule—always do what's most profitable to your party. Any professional group no sooner sees a convenient opportunity to break off a piece, even if it be unearned, even if it be superfluous, than it breaks it off there and then and no matter if the whole of society comes tumbling down. As seen from the outside, the amplitude of the tossings of western society is approaching that point beyond which the system becomes metastable and must fall. Violence, less and less embarrassed by the limits imposed by centuries of lawfulness, is brazenly and victoriously striding across the whole world, unconcerned that its infertility has been demonstrated and proved many times in history. What is more, it is not simply crude power that triumphs abroad, but its exultant justification. The world is being inundated by the brazen conviction that power can do anything, justice nothing. Dostoevsky's Devils—apparently a provincial nightmare fantasy of the last century—are crawling across the whole world in front of our very eyes, infesting countries where they could not have been dreamed of; and by means of the hijackings, kidnappings, explosions and fires of recent years they are announcing their determination to shake and destroy civilization! And they may well succeed. The young, at an age when they have not yet any experience other than sexual, when they do not yet have years of personal suffering and personal understanding behind them, are jubilantly repeating our depraved Russian blunders of the nineteenth century, under the impression that they are discovering something new. They acclaim the latest wretched degradation on the part of the Chinese Red Guards as a joyous example. In shallow lack of understanding of the age-old essence of mankind, in the naive confidence of inexperienced hearts they cry: let us drive away those cruel, greedy oppressors, governments, and the new ones (we!), having laid aside grenades and rifles, will be just and understanding. Far from it! . . . But of those who have lived more and understand, those who could oppose these young—many do not dare oppose, they even suck up, anything not to appear "conservative". Another Russian phenomenon of the nineteenth century which Dostoevsky called Slavery to Progressive Quirks.

The spirit of Munich has by no means retreated into the past; it was not merely a brief episode. I even venture to say that the spirit of Munich prevails in the twentieth century. The timid civilized world has found nothing with which to oppose the onslaught of a sudden revival of barefaced barbarity, other than concessions and smiles. The spirit of Munich is a sickness of the will of successful people, it is the daily condition of those who have given themselves up to the thirst after prosperity at any price, to material well-being as the chief goal of earthly

existence. Such people—and there are many in to-day's world—elect passivity and retreat, just so as their accustomed life might drag on a bit longer, just so as not to step over the threshold of hardship to-day—and tomorrow, you'll see, it will all be all right. (But it will never be all right! The price of cowardice will only be evil; we shall reap courage and victory only when we dare to make sacrifices.)

And on top of this we are threatened by destruction in the fact that the physically compressed, strained world is not allowed to blend spiritually; the molecules of knowledge and sympathy are not allowed to jump over from one half to the other. This presents a rampant danger: The suppression of information between the parts of the planet. Contemporary science knows that suppression of information leads to entropy and total destruction. Suppression of information renders international signatures and agreements illusory; within a muffled zone it costs nothing to reinterpret any agreement, even simpler—to forget it, as though it had never really existed. (Orwell understood this supremely.) A muffled zone is, as it were, populated not by inhabitants of the Earth, but by an expeditionary corps from Mars; the people know nothing intelligent about the rest of the Earth and are prepared to go and trample it down in the holy conviction that they come as "liberators".

A quarter of a century ago, in the great hopes of mankind, the United Nations Organization was born. Alas, in an immoral world, this too grew up to be immoral. It is not a United Nations Organization but a United Governments Organization where all governments stand equal; those which are freely elected, those imposed forcibly, and those which have seized power with weapons. Relying on the mercenary partiality of the majority UNO jealously guards the freedom of some nations and neglects the freedom of others. As a result of an obedient vote it declined to undertake the investigation of private appeals—the groans, screams and beseechings of humble individual plain people—not large enough a catch for such a great organization. UNO made no effort to make the Declaration of Human Rights, its best document in twenty-five years, into an obligatory condition of membership confronting the governments. Thus it betrayed those humble people into the will of the governments which they had not chosen.

It would seem that the appearance of the contemporary world rests solely in the hands of the scientists; all mankind's technical steps are determined by them. It would seem that it is precisely on the international goodwill of scientists, and not of politicians, that the direction of the world should depend. All the more so since the example of the few shows how much could be achieved were they all to pull together. But no; scientists have not manifested any clear attempt to become an important, independently active force of mankind. They spend entire congresses in renouncing the sufferings of others; better to stay safely within the precincts of science. That same spirit of Munich has spread above them its enfeebling wings.

What then is the place and role of the writer in this cruel, dynamic, split world on the brink of its ten destructions? After all we have nothing to do with letting off rockets, we do not even push the lowliest of handcarts, we are quite scorned by those who respect only material power. Is it not natural for us too to step back, to lose faith in the steadfastness of goodness, in the indivisibility of truth, and to just impart to the world our bitter, detached observations: how mankind has become hopelessly corrupt, how men have degenerated, and how difficult it is for the few beautiful and refined souls to live amongst them?

But we have not even recourse to this flight. Anyone who has once taken up the word can never again evade it; a writer is not the detached judge of his compatriots and contemporaries, he is an accomplice to all the evil committed in his native land or by his countrymen. And if the tanks of his fatherland have flooded the asphalt of a foreign capital with blood, then the brown spots have slapped against the face of the writer forever. And if one fatal night they suffocated his sleeping, trusting Friend, then the palms of the writer bear the bruises from that rope. And if his young fellow-citizens breezily declare the superiority of depravity over honest work, if they give themselves over to drugs or seize hostages, then their stink mingles with the breath of the writer.

Shall we have the temerity to declare that we are not responsible for the sores of the present day world?

However, I am cheered by a vital awareness of world literature as of a single huge heart, beating out the cares and troubles of our world, albeit presented and perceived differently in each of its corners.

Apart from age-old national literatures there existed, even in past ages, the conception of world literature as an anthology skirting the heights of the national literatures, and as the sum total of mutual literary influences. But there occured a lapse in time: readers and writers became acquainted with writers of other tongues only after a time lapse, sometimes lasting centuries, so that mutual influences were also delayed and the anthology of national literary heights was revealed only in the eyes of descendants, not of contemporaries.

But to-day, between the writers of one country and the writers and readers of another, there is a reciprocity if not instantaneous then almost so. I experience this with myself. Those of my books which, alas, have not been printed in my own country have soon found a responsive, world-wide audience, despite hurried and often bad translations. Such distinguished western writers as Heinrich Böll have undertaken critical analysis of them. All these last years, when my work and freedom have not come crashing down, when contrary to the law of gravity they have hung suspended as though on air, as though on nothing—on the invisible dumb tension of a sympathetic public membrane; then it was with grateful warmth, and quite unexpectedly for myself, that I learnt of the further support of the international brotherhood of writers. On my fiftieth birthday I was astonished to receive congratulations from wellknown western writers. No pressure on me came to pass by unnoticed. During my dangerous weeks of exclusion from the Writers' Union the Wall of Defence advanced by the world's prominent writers protected me from worse persecutions; and Norwegian writers and artists hospitably prepared a roof for me, in the event of my threatened exile being put into effect. Finally even the advancement of my name for the Nobel Prize was raised not in the country where I live and write, but by Francois Mauriac and his colleagues. And later still entire national writers' unions have expressed their support for me.

Thus I have understood and left that would literature is no longer an abstract anthology, nor a generalization invented by literary historians; it is rather a certain common body and a common spirit, a living heartfelt unity reflecting the growing unity of mankind. State frontiers still turn crimson, heated by electric wire and bursts of machine fire; and various ministries of internal affairs still think that literature too is an "internal affair" falling under their jurisdiction; newspaper headlines still display: "No right to interfere in our internal affairs!" Whereas there are no internal affairs left on our crowded Earth! And mankind's sole salvation lies in everyone making everything his business; in the people of the East being vitally concerned with what is thought in the West, the people of the West vitally concerned with what goes on in the East. And literature, as one of the most sensitive, responsive instruments possessed by the human creature, has been one of the first to adopt, assimilate, to catch hold of this feeling of a growing unity of mankind. And so I turn with confidence to the world literature of to-day—to hundreds of friends whom I have never met in the flesh and whom I may never see.

Friends! Let us try to help if we are worth anything at all! Who from time immemorial has constituted the uniting not the dividing strength in your countries, lacerated by discordant parties, movements, casts and groups? There in its essence is the position of writers: expressers of their native language—the chief binding force of the nation, of the very earth its people occupy, and at best of its national spirit.

I believe that world literature has it in its power to help mankind, in these its troubled hours, to see itself as it really is, notwithstanding the indoctrinations of prejudiced people and parties. World literature has it in its power to convey condensed experience from one land to another so that we might cease to be split and dazzled, that the different scales of values might be made to agree, and one nation learn correctly and concisely the true history of another with such strength of recognition and painful awareness as it had itself experienced the same, and thus might it be spared from repeating the same cruel mistakes. And perhaps under such conditions we artists will be able to cultivate within ourselves a field of vision to embrace the whole world: in the centre observing like any other human being that which lies nearby, at the edges we shall begin to draw in that which is happening in the rest of the world. And we shall correlate, and we shall observe world proportions.

And who, if not writers, are to pass judgment—not only on their unsuccessful governments, (in some states this is the easiest way to earn one's bread, the occupation of any man who is not lazy),—but also on the people themselves, in their cowardly humiliation or self-satisfied weakness? Who is to pass judgment on the light-weight sprints of youth, and on the young pirate brandishing their knives?

We shall be told: what can literature possibly do against the ruthless onslaught of open violence? But let us not forget that violence does not live alone and is not capable of living alone: it is necessarily interwoven with falsehood. Between them lies the most intimate, the deepest of natural bonds. Violence finds its only refuge in falsehood, falsehood its only support in violence. Any man who has once acclaimed violence as his method must inexorably chose falsehood as his principle. At its birth violence acts openly and even with pride. But no sooner does it become strong, firmly established, than it senses the rarefaction of the air around it and it cannot continue to exist without descending into a fog of lies, clothing them in sweet talk. It does not always, not necessarily, openly throttle the throat, more often it demands from its subjects only an oath of allegiance to falsehood, only complicity in falsehood.

And the simple step of a simple courageous man is not to partake in falsehood, not to support false actions! Let that enter the world, let it even reign in the world—but not with my help. But writers and artists can achieve more: they can conquer falsehood! In the struggle with falsehood art always did win and it always does win! Openly, irrefutably for everyone! Falsehood can hold out against much in this world, but not against art.

And no sooner will falsehood be dispersed than the nakedness of violence will be revealed in all its ugliness—and violence, decrepit, will fall.

That is why, my friends, I believe that we are able to help the world in its white-hot hour. Not by making the excuse of possessing no weapons, and not by giving ourselves over to a frivolous life—but by going to war!

Proverbs about truth are well-loved in Russian. They give steady and sometimes striking expression to the not inconsiderable harsh national experience:

One word of truth shall outweigh the whole world.

And it is here, on an imaginary fantasy, a breach of the principle of the conservation of mass and energy, that I base both my own activity and my appeal to the writers of the whole world.

TOBACCO ROAD: A DEAD END

Mr. MOSS. Mr. President, during the week of January 28, 1974, WMAL in Washington broadcast a series of editorials concerning the smoking hazard and public policy. I believe that these editorials are excellent expressions of the concern of thousands of other Americans. I ask unanimous consent that the text of the WMAL editorials be printed in the RECORD at the conclusion of my remarks.

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

TOBACCO ROAD: A DEAD END

Are you still dying for a smoke? If you're a heavy smoker, the answer is probably yes.

We sympathize. For many, smoking is a habit too hard to break. For others, it's a pleasant experience.

Still others have kicked the habit only to find themselves lighting up again in a period of stress.

There are 58 million in America and the figure goes up every day.

That's why researchers are taking a different approach. At the National Cancer Institute, they're trying to make a less hazardous cigarette. The idea is to take out the harmful substances and leave in those that give the smoker pleasure.

Department of Agriculture researchers are trying to breed the dangerous products out of the tobacco plant.

Tobacco road may be a dead end but we're kidding ourselves if we think Americans are going to give it up.

Congress should spend more money for research of the kind going on at the Cancer Institute.

If you agree, let your Congressman know.

SMOKING—A NATIONAL ABSURDITY

It's time the Federal government ended its hypocrisy over smoking.

The record is a lesson in absurdity: Ten years ago, the Surgeon General linked smoking to cancer.

Later, the government forced manufacturers to print health warnings on cigarette packages.

Then, cigarette advertising on radio and television was banned.

Now, ten years later, the U.S. Agriculture Department is spending 66 million dollars on various tobacco support programs.

Meanwhile, the Department of Health, Education and Welfare is given only 10 million dollars for research on cigarette-related ailments and anti-smoking educational campaigns.

With one hand, Uncle Sam spends to grow and sell the stuff; with the other, he spends to issue warnings against buying it.

This is wasteful. That 66 million dollars should be spent to help those who are sick because of smoking, to discourage youngsters from starting, and to encourage smokers to stop.

SMOKING AND TEENAGERS

WMAL believes that American teenagers are better educated and more independent than their counterparts of a generation ago.

That's why we're surprised to see that cigarette smoking is increasing in this pace-setting group.

Dr. Luther Terry, the former Surgeon General, who issued the report that linked smoking and cancer, is discouraged by this trend. Young people are smoking at earlier ages and there's been a dramatic increase in the number of girls who smoke.

It's not difficult to understand why. Among other things, young people are bombarded by ads that make smoking look like the thing to do. Many have swallowed the pitch.

Young people have expressed their independence in many ways . . . dress, attitude and life-style. Now they have a chance to say no to the tobacco industry.

And the federal government could help by spending more money on anti-smoking campaigns.

Call, write or visit your Congressman. Let him know how absurd it is for Uncle Sam to spend millions of dollars on tobacco support programs while spending so little to discourage youngsters from lighting up.

MAKING CIGARETTES HARD TO GET

It's an old trick—giving up smoking by making it more difficult to get a cigarette.

We should try it on a nationwide basis.

Let's make it a real hassle to buy cigarettes.

We could ban cigarette vending machines.

Then, we can confine cigarette sales to drug stores—or even liquor stores.

If people really did have to walk a mile for a Camel—maybe they wouldn't.

Let's outlaw the sale of cigarettes to teenagers under 18.

That's the way our liquor laws are written—and we see no reason to make cigarettes more available than alcohol.

After all—we are talking about a poisonous, cancer-causing substance.

This could be a good legislative program for cancer societies.

Let's get on the backs of our law makers. The least we can do is make it more difficult to buy our favorite poison, and easier to give it up.

SOME PLAIN TALK

Cigarettes should be packaged in plain wrappers. If we had our way, the wrapper would bear a skull and crossbones and the words: Cancer-causing substance inside.

To do less is a waste of time. Look at the record: In 1967, the government forced manufacturers to label cigarette packages with these bland words: Caution: Cigarette Smoking May Be Hazardous To Your Health.

Three years later, the government changed caution to warning and added these words: The Surgeon General has determined that cigarette smoking is dangerous to your health.

But look what good it did—ten years after the Surgeon General linked smoking and cancer, cigarette consumption was at an all-time high.

Still, the Federal Trade Commission has again asked Congress to beef up the warning by adding that smoking may cause death from cancer and other disease.

We're convinced that even this wouldn't be tough enough. A plain wrapper with a skull and crossbones might help.

Let's stop fooling around with fine print when a headline is needed.

And if you smoke, take a look at that pretty package and think about what's really inside.

FUTURES TRADING IN COMMODITIES

Mr. HART. Mr. President, the trading of futures contracts on commodities is a matter of great importance and concern because of its impact on the lives of every American. Last spring, Clark Mollenhoff, George Anthan, and James Risser of the Des Moines Register wrote an excellent series of articles on futures trading. Recently, George Anthan wrote two more articles relating to futures trading which are worth our consideration. I request unanimous consent that they be printed in the RECORD.

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

TRADE BOARD IS SHAKEN BY PROBES

(By George Anthan)

CHICAGO, ILL.—The financial fortress that is the Chicago Board of Trade is being shaken by shock waves from a once-obscure 14-year-old case in which the nation's biggest commodities exchange removed a veteran trader.

At that time, results of the action probably were applauded by a significant number of board members because the outcome was the removal from their midst of a troublesome, cantankerous Austrian immigrant who for 15 years had been complaining to officials in Washington of illegal and unethical price manipulations and rigged futures markets.

But Bernhard Rosee, now 76, continued to fight, living off $65-a-month welfare checks and going more than $100,000 into debt while relentlessly pursuing legal vindication and the return by the Board of Trade of the seat he lost in 1960.

The Rosee (pronounced "Roh-zay") case has created deep divisions within the Chicago commodities trading industry, and some members of both the Board of Trade and of the rival Chicago Mercantile Exchange agree it has focused unwanted publicity on the exchanges and on their practices.

They are concerned the Rosee case can highlight problems of the industry at a time when a growing number of influential members of Congress are backing legislation to tighten federal control over commodities futures trading.

MEMBER WORRIED

One Board of Trade member who long has agreed that Rosee was unfairly removed from his seat and deprived of his livelihood now is worried that increasing public scrutiny could jeopardize his own career and perhaps even the existence of the Board of Trade itself.

A former member of the Board of Trade who now is a trader at the Mercantile Exchange said:

"The brokers are afraid now. They're talking about losing their investment in their seats. But what Rosee has done in the past 10 to 15 years he has done against the toughest establishment in Chicago. The word 'clout' originated here, and the Chicago Board of Trade has a lot of 'clout.'"

How Rosee challenged that clout, and the details of his overpowering defeat in 1960 at the hands of his colleagues provide an insight into the operations of the commodities trading industry which, in the words of one high exchange official, "is still being run like a private club."

Rosee arrived in the U.S. from Austria in the late 1920's and moved from New York City to Chicago in 1934. He became a

naturalized citizen in 1941 and bought a seat on the Board of Trade in 1944. He had been an experienced international trader, having speculated in exchanges in London, Liverpool, Bucharest, Paris and Rotterdam.

A BON VIVANT

A bachelor and impeccably dressed, he was considered something of a bon vivant, and it was agreed by many of his colleagues that he was among the most successful traders in Chicago.

But one lawyer close to the commodities industry here recalls that Rosee "right away became like a hornet, always pricking, always stinging. He did what no other Jew had done on the Board of Trade. He began to rock the boat."

A onetime official of the Board of Trade said, "Jews over there at the time didn't get out of line. An Irishman, yes, but Rosee, he could not stay quiet."

One of the city's leading lawyers, who also is Jewish, said, "Back in the 1940's, Chicago Jews were not as aggressive as New York Jews. You have to remember that atmosphere in Chicago. The decks were stacked against Rosee."

The former Board of Trade official said, "Rosee was a pain in the neck to them. They were probably psychologically laying for him. Not overtly. No big scheme. But, like in a ball game, when you get the chance, you stick your fingers in a guy's eyes. Did Rosee get a shafting in 1960? Of course he did. But in these gentlemen's clubs, it's not overt."

One Board of Trade official conceded privately that although some members on occasion had "made more noise" than Rosee, "well, they were men of more influence."

PRICE MANIPULATION

Rosee began his career at the Board of Trade by informing a congressman and the War Food Administration that there had been a price manipulation in the rye futures market in Chicago and that the Agriculture Department had aided in the scheme.

The war agency concluded there had been a successful plan to corner the market and drive up prices, and the Board of Trade moved belatedly to halt futures trading in rye. But, Rosee says, "the Board of Trade began to watch me at the same time."

In 1948, Rosee told the chairman of the House Appropriations Committee that the cotton market had been cornered, and in the mid-1950's he battled with the Agriculture Department over what he charged was a deal to force up the price of soybeans by more than $1 a bushel, enabling a group of speculators to reap huge profits.

In a statement to the Board of Trade directors, Rosee charged that top Agriculture Department officials were in collusion with certain speculators in Chicago.

He told the directors that within an hour of informing the then Assistant Agriculture Secretary Earl Butz that he would request a congressional investigation, speculators began dumping soybean oil futures, and the price quickly dropped.

BOARD COMMITTEE

Rosee was requested to appear before the Board of Trade's business conduct committee and informed that his activities were detrimental to the institution and to its members.

"I said it was detrimental to these manipulators, but not to the country," Rosee says, and he recalls that he lost his temper and shouted, "the only way you will stop me is to frame me."

What Rosee refers to as his "nightmare" began shortly after that.

On Nov. 9, 1959 the brokerage firm of Baggot and Morrison, through which Rosee had been conducting his trading business, notified him that his accounts there had been closed, and that he owed the company $27,000.

"I was stunned," Rosee said. "They had been refusing to give me accurate records all along, putting me off every time I asked for them, but I thought I had more than $100,000. I trusted them, and I just thought they would give me a true accounting sooner or later. Suddenly, they tell me I have no money and I owe them $27,000."

There is little question but that Rosee was not a careful personal bookkeeper. He worked mainly out of his coat pockets, keeping there the small cards on which commodity traders record buys and sales involving trades that could total hundreds of thousands of dollars.

TRUSTED EVERYBODY

"Rosee trusted everybody," one of his former colleagues here said. "He would help anybody who wanted help. He was always trying to make money for other people."

James Baggot, Jr., and Donald Morrison, partners in the Baggot and Morrison firm, later were to testify that Rosee had offered to help them financially if they needed assistance and Rosee says he had told them they "could have everything I have. I trusted them," Rosee said of Baggot and Morrison.

After each trading day, Rosee turned over to a Baggot and Morrison clerk the cards on which his trades were recorded. This information was to be transferred to a ledger, then to so-called purchase and sales (P&S) sheets, of which Rosee was to get a copy.

The cards, the original records of his transactions, remained in the possession of Baggot and Morrison. But Rosee said he did make a copy of each card, placing it in a desk he was using in the Baggot and Morrison office.

In the fall of 1959, Rosee said he noticed agents of the U.S. Commodity Exchange Authority (CEA) auditing the Baggot and Morrison books. "I knew I had a lot of money in there and I became worried," he said. Rosee asked a company clerk named Edward Sprandel for a complete breakdown of his accounts.

The clerk reported to Rosee that Harris Haywood, chief bookkeeper at Baggot and Morrison, had denied the request.

"A few days later," said Rosee, "my duplicate trading cards were gone from the desk. Without those cards, I had no idea of how much money I had. I would have to take their word for everything."

Early in 1960, Baggot and Morrison issued to Rosee a letter indicating that he had lost $46,000 in trading during 1959. Rosee used this in filing his federal income tax return, informing the Internal Revenue Service, he says, that he did not accept the figure as accurate and stating that he was attempting to obtain a detailed accounting.

On June 3, 1960, Rosee was notified that Morrison had filed a complaint with the Board of Trade, demanding payment of one-half the $27,000 he claimed Rosee owed the firm. There were indications that Baggot, the other partner, was willing to "forget about the money."

Under Board of Trade rules, Rosee had little choice except to pay the claim or submit the matter to arbitration by the board. He chose arbitration.

The resulting hearing by the board's arbitration committee lasted from July through November, 1960, and later was described by Cook County Circuit Judge Nathan Cohen as a "travesty."

What occurred in that hearing, and how Rosee's case was handled by the Board of Trade has, one board member admitted privately, "come back to haunt us. We're being persecuted now for the way this was done 14 years ago."

ROSEE, BOARD-OF-TRADE BATTLE STILL UNSETTLED

(By George Anthan)

CHICAGO, ILL.—Bernhard Rosee, an Austrian immigrant who had become a successful commodities trader, arrived confidently at the Chicago Board of Trade on July 26, 1960, to face a committee of his colleagues, eager to tell them a straightforward story and fully expecting speedy justice.

He wasn't overly concerned, he recalls, about the claim of onetime friend James Morrison that Rosee owed the brokerage firm of Baggot and Morrison $27,000. He was sure the Board of Trade would provide him with the records he had been seeking unsuccessfully from the firm, and that they would show clearly that instead of owing money, Rosee did, in fact, have more than $100,000 in his accounts.

"I never worried about justice here," he said. A decade later, an Illinois state judge was to declare that this hearing before a committee of influential Board of Trade members "understandably" helped give Rosee a "virtual paranoid complex."

The hearing has provided a rare inslight into operations of a large commodity exchange, which have been allowed by the federal government to largely police themselves.

Rosee, who still speaks in broken English and often finds it difficult to express himself clearly, discovered that Morrison was to be represented at the hearing by James V. Coughlin, a leading Chicago commodites trader, member of the board of governors of the exchange, and a lawyer.

Under Board of Trade rules then in effect, a member involved in an arbitration proceeding could not be represented by counsel, unless the lawyer also was a member of the Board of Trade. Rosee contacted some 20 lawyer-members of the exchange, asking them to represent him. They refused.

He pleaded with the six-man arbitration committee to allow him to bring his own lawyer to the hearing.

NO ENGLISH CLASSES

"You might as well know," he stated, "that I never in my life had one hour of English. I picked up the English language only by reading newspapers; and I think it is a grave injustice to allow a professional counsel to sit here. It is a most improper proceeding. I appeal to you again to reconsider and have him excluded."

Warren Lebeck, then secretary of the board and now its president, told Rosee that Coughlin was not a "professional counsel" and the committee repeatedly denied his request for a lawyer. Some legal authorities here contend now that the 1960 Rosee hearing was illegal because of this, that the Board of Trade should have been bound by an Illinois law that provided for legal counsel in such cases.

But Board of Trade officials say the exchange at that time was not compelled to allow Rosee to be represented by counsel. The Board later changed its rules, and if the arbitration hearing were held today, Rosee would be entitled to have his lawyer present.

The 600-page transcript of the committee's hearing makes it clear even to a casual reader that Rosee was at a disadvantage.

He was unable to follow accepted legal procedures and his methods of questioning, which would be acceptable to a layman, repeatedly were grounds for objections from Morrison's lawyer.

Rosee stumbled often in his questioning of witnesses, and he was easily diverted from a line of questioning by legalistic interruptions.

Fumbling with records, unable to quickly locate key information he needed in order to continue questioning, Rosee often gave up. Soon it was obvious that he was hopelessly behind in his effort to prove that instead of owing Baggot and Morrison $27,000, they owed him more than $100,000.

BIG SETBACK

His biggest setback in the hearing, however, came after he had won a major victory.

Rosee told the committee that if the members would direct Morrison to provide Rosee

with some 10,000 trading cards, all his transactions could be reconstructed by accountants that Rosee had hired, and the matter quickly resolved.

Committee chairman Sidney Hamper, following a vote of the unit, ruled "It is the decision of this committee, in the light of this, and in consideration of the case in general, that in order for Mr. Rosee to present his case, he must have access to the original trading cards and the original entries."

When Morrison asked Hamper, "You want every card that Mr. Rosee ever wrote on?" Hamper replied, "Yes."

Morrison, however, objected. "I don't think it is fair to ask me to go down and sit in the basement and sort out all those cards," he said. "I just don't want to go down in the basement," he added.

Rosee asked, "What do they have to hide? Why is it such a hard job? This is the most ridiculous thing I have ever heard. Why is it so hard?"

He offered to have his accountants, at his expense, assist Morrison in the task, to "work until midnight, every day, every night."

But Morrison continued, "I have to sit down in the basement and fish all the cards out. Who is going to go back and refile them." But he finally conceded, "I will fish out the cards and produce them."

DIDN'T PRODUCE

Morrison did not produce the cards, however, and the Board of Trade backed him. Lawyers representing the board ruled that the Baggot and Morrison leaders provided an adequate account as to the status of Rosee's accounts, even though Rosee had contended the ledgers were false.

The board's lawyers did concede in their ruling, "It is true that there was a time when ledger accounts such as these would not have been admissible into evidence—only the trading cards would have been regarded as 'books of original entry' and thus admissible. However, the complexities of modern business procedures have compelled substantial modification of this concept . . ."

Under court orders later, Rosee eventually received some 2,000 trading cards, but input cards still are missing and both he and his lawyers now say his accounts could not be accurately reconstructed without them.

The Baggot and Morrison claim against Rosee was based largely on the firm's contention that he owned a so-called Account No. 35, which showed a $19,000 deficit.

Rosee said Account 35 was not his, and that trades listed in that account had actually been made by members of the firm. Since they were losing trades, he said, they had been charged to him.

At one point, Morrison acknowledged that Baggot himself had traded in Account No. 35, but insisted that Baggot's dealings later were transferred to an Account 45.

During the hearing, Rosee showed Morrison a card bearing the heading Account 35. The card indicated the trader involved had sold 95,000 bushels of soybeans.

"Mr. Morrison," Rosee asked, "is this card in Mr. Baggot's handwriting?" Morrison replied, "Yes."

AS FLOOR TRADER

Rosee said some of the trades charged to Account 35 actually had been made by him, but only as a floor trader for Baggot and Morrison. The two partners denied this, saying they had never given Rosee orders to buy and sell commodity futures, that they traded for themselves.

However, the Board of Trade arbitration committee ruled on Dec. 16, 1960, that Rosee did own Account 35, and that he owed the firm of Baggot and Morrison a total of $22,647. He was ordered to pay Morrison one-half this amount, or $11,323.

When Rosee refused to pay, the Board of Trade sold his seat on the exchange and turned the money over to Morrison.

But earlier in 1960, Rosee had appealed for help to the U.S. Commodity Exchange Authority (CEA), the federal agency charged with policing the commodity markets. The CEA assigned to the case two of its top officials in Chicago—a former Iowan named Albert Kibby, and Sam Gordon, who later was to become chief of the agency's Kansas City regional office.

During their investigation, Kibby and Gordon found that Baggot and Morrison had illegally been co-mingling customers' funds with company accounts. The CEA also found that Baggot and Morrison were in a precarious financial position.

In a statement filed by the CEA in May, 1960, before the Rosee arbitration hearing began, the government charged Baggot and Morrison with violations of the U.S. Commodity Exchange Act and stated that "the total amount of customers' funds which it (the company) held in segregation was insufficient to pay all credit and equities due such customers."

The CEA said the firm's deficits ranged up to $37,000 and added that both Baggot and Morrison were "aware of such deficits."

The CEA suspended the company's registration for three months, and Baggot was suspended for 30 days as a floor trader.

OUT OF BUSINESS

Within a month of the CEA ruling, the firm of Baggot and Morrison went out of business, although both partners continue today to enjoy trading privileges at the Chicago Board of Trade.

CEA agents Kibby and Gordon would not uphold Rosee's claim that his accounts had been manipulated in order to pay the firm's debts. And officials in Chicago and Washington subsequently refused to allow Rosee access to the records of all Baggot and Morrison customers, so that he could trade the firm's financial transactions and draw up accurate records of his own accounts.

In 1961, Rosee began a series of court battles that is continuing today. He filed suit in U.S. District Court here against the Chicago Board of Trade, James Baggot, Donald Morrison, Harris Haywood, the firm's bookkeeper, and top officials of the Board of Trade. He included as defendants the CEA's Kibby and Gordon.

The Board of Trade and its officials were removed from the suit by a court order, and Judge Hubert Will ruled in 1966 that there was no evidence Kibby and Gordon had participated in a conspiracy to defraud Rosee. He reaffirmed his decision following a hearing last fall.

Rosee filed suit for civil damages in Cook County Circuit Court in 1963, and after a series of court actions involving the U.S. Court of Appeals and the U.S. Supreme Court, the case went to trial in the spring of 1971.

On Aug. 17, 1972, Circuit Court Judge Nathan Cohen rocked the Chicago commodities industry by ruling that Rosee had been the victim of a massive fraud, and he stated that the case for Baggot and Morrison had been "replete with falsity, duplicity and obvious misstatement."

Cohen entered a $700,000 judgment for Rosee, noting that he had been deprived of his livelihood for more than a decade.

ROSEE'S ACCOUNTS

During the trial, Haywood testified that Rosee's accounts actually had contained $29,500 in margin money for a soybean futures sale, that Rosee had an additional $19,500 as margin for another transaction, that he had loaned $20,000 to Baggot, that some $20,400 had been placed in his account by associates as a guarantee for his trades, that $4,400 had been improperly debited to his accounts and that his accounts showed a profit from trading of an additional $5,200.

One of Rosee's associates, a lawyer named Melvin Brandt of Chicago, testified that on Nov. 11, 1963, he had gone to room 1738 of the Chicago Board of Trade building to inspect some records, and was told by a clerk that Haywood had removed the records to his office on the fifteenth floor.

Brandt said, "I walked into Haywood's office. There was no trading that day, It was a miracle that I should walk in at that moment. Normally a girl would have been there, and she would have asked what I wanted, then would have gone in and gotten Mr. Haywood. But the girl wasn't there, and I walked on into Haywood's office and opened the door.

"He was sitting at the desk, ripping pages out of ledger books. I looked at the pages. they were on the period in 1959 that was in dispute, when Rosee's accounts went from a big credit to a deficit of $27,000."

Haywood was asked by Judge Cohen during the trial why he was ripping the onionskin pages out of the ledger book. He replied that he was doing it to save space.

Cohen later said, "This man sat for hours cutting pages out of a book to save three inches of space in a room that has some, oh, 350 cubic feet of space or more. Utterly absurd."

Judge Cohen noted of Rosee; "Throughout this litigation there prevailed an attitude on the part of the plaintiff that was symptomatic of a virtual paranoid complex. Upon reading of the transcript of the hearing before this arbitration committee of the Chicago Board of Trade, and upon reviewing all cf the evidence, this complex is understandable to the court."

MORRISON MUST PAY

Up to now, Rosee has collected little of the money. Baggot and Morrison have been ordered by the Illinois Supreme Court tc file appeal bonds totaling $1,150,000, and Cohen has ruled that Morrison now must pay to Rosee 10 per cent of his earnings up to $1,400 a month, and all his income over that figure. Cohen also has moved to prevent the defendants from shifting ownership of their assets.

"But," says Rosee, "they're waiting for me to die, and he complains bitterly that Morrison has won seven delays in his appeal of Judge Cohen's ruling.

Dom Rizzi, a lawyer for Morrison, notes, however, "if all the assets of Baggot and Morrison are sold and if the defendants win their appeals, how can they get their assets back from Rosee? He is old and destitute. How could they get their seats on the Board of Trade back?"

Rosee contends, "That's what they did to me. They sold my seat out from under me, without a court order or anything."

Now, Board of Trade President Lebeck confirms that the exchange has taken no steps to restore Rosee's seat, and he said that under the exchange rules Rosee, as a nonmember, cannot move to file a claim against Baggot and Morrison.

But commodities speculators in Chicago say the Rosee case, coupled with congressional demands for tighter policing of the markets, is shaking the industry.

"I'm thinking about selling out while my seat is still worth something," said one trader, "and moving on down to Florida."

THE CHILDREN OF SILENCE

Mr. TUNNEY. Mr. President, in the Sunday, February 10, issue of the Washington Post an outstanding article appeared which was excerpted from the magazine "Human Behavior." The article entitled "The Children of Silence" is an historical portrayal of autism from

the time the term "autism" was coined to the present.

It shows what progress has been made in the treatment of this disorder and to me only exemplifies the fact that with time, research, and assistance there is some hope that this unfortunate disorder might some day become nonexistent.

On February 21, the House of Representatives will be holding hearings on the extension of the Developmental Disabilities Act. One aspect of that hearing will deal with the inclusion of "autism" in the act. I am hopeful that the committee will respond favorably to the request and that the Senate will follow suit later this year.

I ask unanimous consent that the article be printed in the RECORD.

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

THE CHILDREN OF SILENCE

(By Wayne Sage)

(NOTE.—Sage is a Los Angeles freelancer and a contributing editor of Human Behavior magazine, from which this article is excerpted.)

Jimmy, now 9 years old, has spent most of his life strapped to his bed, his arms and legs bound to the bedposts by leather belts, because if released, he might destroy himself.

Billy, age 6, has not been restrained quite so constantly. He has gnawed off a large portion of his right shoulder. Several ounces of flesh are gone. There are teeth marks etched on the bone.

Tina, since she was 3, has pounded her head against the sharp edges of furniture. She is now 11. She never uses the rounded edges. They are too slow to draw blood.

Karen, 5, has been concentrating on biting off her little finger and pulling out her fingernails with her teeth.

There are thousands of children like these who slam their heads against walls until they knock themselves out. Others slap their skulls with their fists until they detach their retinas and go blind. Still others crush their middle ears and go deaf.

At most mental institutions, "treatment" consists of binding such children into straitjackets and harnesses. They spend their days rocking, nodding and humming the same few notes to themselves, as though some inner, never-changing rhythm were an all-important compulsion. A cymbal banged near their ears brings no reaction. They seem to see no one who comes and goes around them and apparently are unaware of whether the lights in the room are on or off. Yet they are neither blind nor deaf. They may spot a cornflake on the floor 20 feet away and go after it, or cringe from the crinkle of a candy wrapper or the whine of a distant, barely audible siren.

What such children don't do is almost as pathetic. Most never speak. Those who do parrot mindlessly. "What's your name?" a stranger asks. "What your name?" the child echoes back with mock tone and inflection. He may echo it back to himself again and again for days afterward.

The list of parodoxes these youngsters present goes on and on. In cases where they are testable, they sometime score extremely high on IQ tests. Others seem to be of average intelligence for their ages. Yet they cannot learn even to feed and dress themselves. At 5 or 10, they may be unable to control their own bowel movements, living within the social and intellectual repertoire of a 6-month-old baby.

Those who would cuddle or hug them out of pity encounter essential disinterest. Even their own parents find that they do not seem to care whether they are around or not. These children are also indifferent to their brothers and sisters, who are almost invariably "normal."

They do not love. No one knows why.

Some have tried to find out. They may have done more harm than good.

BLAMING THE PARENTS

A child may have any of the above behaviors in any combination and still get off with the label "retarded," "psychotic," "child schizophrenic," "aphasic" or "brain-damaged." But a child who has them all is called "autistic." The word itself is crippling.

Usually not even special schools for the retarded or emotionally ill will accept a child so diagnosed. Physicians and even many child psychiatrists will recoil, pass him on to other experts. Those who make the effort usually give up eventually, rather than lose faith in their treatments. Most decide beforehand that the child is simply too complicated, or hopeless, to deal with.

The term itself was coined by Johns Hopkins psychiatrist Leo Kanner. From the Greek he borrowed the word *autos*, meaning "self." The child was apparently locked totally within himself, in a state of extreme "autistic aloneness," Kanner observed. It was on this inability, or perhaps refusal, to communicate with the outside world that the experts began to hinge their claims. Out of their speculations grew a theory that may have truly isolated the "autistic" child, by cutting him off from the very people who it now seems are the only ones who are ever able to help him—his parents.

"The autistic condition in a child is directly consequent to the wish of the mother that his child did not exist," said Bruno Bettelheim, a University of Chicago psychiatrist and patriarch of the psychogenic theory of autism. The child very early in life senses this rejection, the idea continues, and turns totally inward He cannot learn or love because his entire energies are devoted to blotting out every effort to reach him. Thus, "In protecting himself from the destructive designs of his mother, he ends up defending the deprived and 'empty fortress' of his life," wrote Bettelheim, and, with those words, set up the analogy that walled the parents of autistic children into their own syndrome of guilt and passive acceptance.

Since no drug or other attempt on the physiological level had ever been shown effective in the treatment of autism, Bettelheim proceeded by way of the psyche.

SYMBOLIC REVENGE

The first few autistic children to be treated came to live at the Sonta Shankman Orthogenic School in the early 1950s. Shut away from their parents, they were lavished with love and the most tender care. No demands were placed on them. Through almost constant observation, everything from their family backgrounds to their role actions and babblings were carefully sifted for clues. The hope was that once rescued from their theoretically hostile home environments, they would "work through" their psychic disturbances. Over the years, some seemed to improve. The stories of three of these children—Laurie, Marcia and Joey—as told by Bettelheim in "The Empty Fortress," have become modern classics in the annals of child psychology.

"For example: When Laurie began to play with her own feces, dropping them among her blocks and smearing them over her body and clothes, she was thought to be exploring the limits of her abandoned self and the consequences of her own actions.

When Marcia took up squeezing water from a baby bottle onto the floor, this was seen as symbolic retaliation. "As she had been flooded by the enemas, by water coming out of an 'enema bottle,' so she now flooded us," wrote Bettelheim, referring to the enema her parents had supposedly forced upon her.

Joey's obsession with machines and propellers was seen as an expression of some vicious emotional cycle in which he himself was trapped. His self-destructive behavior was thought an attempt to puncture his body so as to drain the waste material that his long anxious hours at his toilet could not completely remove. He feared defecation because he feared losing a part of himself, Bettelheim explained.

"I was afraid I was letting go of something," Joey himself said many years later.

That is to say, Joey recovered. On his return visit many years later, he brought with him his new high school diploma, and also brought a most telling gadget: A device "he had constructed himself changed the eternal back-and-forth of the alternating current into a direct continuous flow," Bettelheim describes. "Joey had truly freed himself of the vicious cycle in which he rotated forever between longing and fear. All by himself, he had altered the course of events till he was now meeting life in a straightforward direct encounter.."

MEAGER RESULTS

The story of Joey notwithstanding, there has never been any objective proof that psychoanalysis has any curative properties whatsoever. There is considerable proof that it doesn't, especially for autistic children. There have been no less than 57 studies, covering far more than 8,000 children, in which autistic kids who have undergone such treatment were matched with those who didn't. The results consistently show their recovery rates to be identical. Those who are going to get better, get better. Those who won't, don't, regardless of whether their psyches are probed or not.

Therapists who advocate such treatment relate case histories of those who improve, never of those who don't. Even in these instances, there is no way of knowing why the child got better. The symptoms of autism are painfully similar in all its victims until around age 5½, after which each child follows a path very much his own. In some children, there are symptoms from birth, while others don't show signs of autism until 2½, (Bettelheim does not accept children until after age 5½ or 6.) Most parents of untreated children report glacial, but general, improvement in their children as they grow older.

Bettelheim would hardly be the first psychiatrist to be fooled by such spontaneous recovery. Most psychologists who have worked extensively with autistic children say they can spot those who are going to get better on sight. These are probably the children whom psychoanalysts are most apt to choose as patients, since they show the most "hope."

LOOKING FOR THE CAUSE

According to psychologist Bernard Rimland of the Stanford Center for Advanced Study in Behavioral Sciences, kids across the country fingerprint with their feces until they grow into adult vegetables mainly because Bettelheim's followers hereinfore have gone unchallenged.

Since Rimland is himself the father of an autistic child, his reluctance to accept the psychogenic theory is perhaps understandable.

One way to prove that parents are not the cause is to find out what *is*. Rimland is convinced that autism is the result of some biological malfunction, perhaps genetic in origin, which cripples a baby mentally and emotionally.

One of the big frustrations of this countertheory is the autistic child's apparent physical perfection. He is invariably exceptionally beautiful, as though his lack of contact with the world protects him from tarnishes. Most medical tests, including electroencephalograms, turn out "normal."

Unfortunately, there is so little known about how the brain works that there is still

plenty of room for such a defect that present techniques could not begin to measure.

As for the genetic aspect, Rimland points to several studies that purport to demonstrate that autistic children tend to be the offspring of highly intelligent parents. One investigation by psychologists Ivar Lovaas, Laura Schreibman, Robert Koegel and Richard Rhem at UCLA found that autistic children overselect when presented with stimuli. That is, if an autistic child does manage to pay attention to something being said to him, he cannot follow visual, tactile or other signals at the same time. Rimland believes this may be the result of an excessive dose of the ability to concentrate that the child receives through the genes of his parents. Since both parents had such tremendous powers of concentration, the child's ability to concentrate may become so concentrated that he cannot deconcentrate from a single cue at a time, Rimland speculates. Since learning is largely a matter of pairing, say, a smile and a hug with forcing out the word "mommy," the autistic child may perceive only the smile, fail to make any associations and regress.

Actually, as Lovaas points out, there is no way of knowing if overselectivity of stimuli is the cause of a symptom of autism.

Even more intense have been Rimland's efforts to find a biological cure. In one such venture, he mailed out mammoth doses of certain vitamins to the parents of over 300 autistic children across the country. Some reported phenomenal improvements, and 2 out of 3 of the elaborate computerized methods of analyzing the data based on such reports found the results "significant."

But parental reports under such circumstances can hardly be accepted as objective proof, no matter how one analyzes the data. Parents who want to see improvement badly enough can be expected to see it, especially when left to their own devices to discern it. Other work that has attempted to use blood tests to discern abnormalities related to the inability to use certain vitamins is also methodologically weak. Overall, Rimland has presented data no stronger than that of Bettelheim to prove his point of view.

Nevertheless, although practically no one is willing to come right out and stake his professional reputation on the matter, most experts are inclining toward the organic theory. Studies continue to pile up that show, for example, that autistic children have different arousal patterns that may prevent them from responding to the world effectively. Certain low voltage "bursts" in electrical potential across the brain may characterize autistic children, other researchers believe. Autistic boys, as well as some of their fathers, have an unusually long arm to their Y chromosomes; yet another neurologist insists the significance of this, if any, is anybody's guess, especially when one considers that females, who have no Y chromosome, are also autistic.

Those who have delved into the physiology of the autistic child are as much at a loss to explain him as are those who have delved into his psyche. Perhaps the good that has come overall is that the theories are now canceling one another out. Neither can any longer do much harm. While the biochemists search for a neuron that can be rewired to make everything all right, parents are free at last to try to help their children without fear that they may hurt them even more in the effort.

IS IT A DISEASE?

Both the psychogenic and organic theories of autism are framed in the disease concept of mental illness. An autistic child is one who has a list of six behaviors that parents report and experts observe. According to the disease theory, these behaviors are common symptoms of an illness with a fundamental cause that, once discovered and corrected, would eliminate them all in one fell swoop.

That this approach has yet to uncover a cause of the type it seeks may be due to the nebulous nature of autism. There is a positive correlation between the number of experts a child has seen and the number of different diagnoses he has received. Autism, it seems, is largely in the eye of the expert beholder.

"We have data that show without question that if you call a kid autistic and sick, then it's hands off," says psychologist Lovaas of UCLA. "And the minute you stop making demands on them, they regress. At all cost one should avoid labeling any child autistic. Either people don't want to deal with him or they believe he is so complicated that they can't deal with him. It frightens me, all the kids who have been hurt by diagnoses. We do more damage that way than nature does."

Even those children who have the classic autistic behaviors are extremely different from one another, according to Lovaas. There is no evidence that they are all linked to a common cause. Each child reacts very differently to efforts to reach him.

Lovaas also began his work in the psychoanalytic tradition. But as he sat observing and analyzing his patients, he found it difficult to shake the feeling that there was simply nothing a mother could do to hurt a child so profoundly.

As Rimland is fond of noting, social workers regularly encounter case after case of the most horrendous mental and physical child abuse, and yet in no instance does this result in autism. Also, a child with Down's syndrome is extreme in his affections, almost as warm as the autistic child is cold. Rimland says, "If the mother of an autistic child is to be blamed for her child's coldness, does this mean that the warmth of a child with Down's syndrome is because the parents were so thrilled to have a Mongoloid baby?"

STOPPING THE POUNDING

Lovaas has given up trying to decipher profound psychic meanings from the rocking and babbling of children traditionally labeled autistic. He no longer asks why they behave the way they do, or what might have happened in the past to start them behaving a certain way. These are questions he believes it is impossible to answer today. All his efforts are geared toward what can be done right now to help each individual child. The resulting approach he describes as "very physical." His therapists are constantly working with children in decidedly unpsychoanalytic fashion. There is lots of touching, hugging and kissing—and spanking.

Perhaps the best illustration of the difference between the Bettelheim and Lovaas approaches is their treatment of self-destructive behavior, which Bettelheim never really treated in the first place. "Such behavior is only a symptom, and you can't treat a symptom," insists Bettelheim. "You have to correct the disease and then it will go away." Children tearing the flesh from their own bodies with their teeth and pounding their heads against walls appeared so hopelessly ill that no one had dared question this position. When they began such behavior, they were stopped, held and comforted.

When Lovaas first removed such a child from restraints, the theory seemed confirmed. Allowed to pound himself without interruption as psychologists watched and kept count of the blows, the child first beat himself even more fiercely than ever before. But the researchers did not restrain him, even as the blood began to flow. Then gradually, very gradually, the pounding began to slack, and finally stopped completely.

Certainly the "disease" was still there. If self-destruction were a symptom, why did it stop? The process was repeated with another child with the same results. It soon became well established that self-destructive behavior would "extinguish" by itself, provided one could stand to ignore it several thousand times—and provided the child did not kill himself in the process. The treatment seemed inhumane, and yet children who had battered themselves for practically their entire lives no longer did so.

But although the child would not hurt himself in the "extinction" room where such behavior had proved useless in getting attention, he would pound, at full strength only feet and seconds away if taken to a place where he had been comforted for such assaults. As Lovaas observed, "The child did not waste any blows unless there was a payoff for it, and they were very discriminating as to which situations paid off."

Then one day a different treatment was discovered. Lovaas had become so close to one small girl under his care that he had come to feel she was one of his own children. For once, the process became simply too much even for him to watch. Quite without recourse to the theories of psychopathology, he slapped her on the rear end and shouted, "Stop that!" She whirled around and looked straight into his eyes, as if to say, as he remembers, "What kind of psychiatric clinic is this?" But she did not hit herself again. Thus began one of the most controversial experiments in modern psychology—the exploration of pain in the treatment of autistic children.

A more sophisticated form of punishment, electric shocks, was tried. They worked. Not slowly, over thousands of bloody tries. Immediately. Self-destructive behavior in such children can now be essentially eliminated within one minute—although usually the method of punishment is a slapping rather than a shock.

Self-destruction, far from being a symptom, seems to be a way of communicating for children who cannot express their needs in any other way. Therefore, it falls under the same laws as any other social behavior. If it is rewarded with attention and consolation, it continues. If it is punished, it ceases. It tends to occur most frequently (whether the child has previously been diagnosed "autistic" or not) in large state mental hospitals where there are a great many children competing for the attention of only a few overworked staff members.

"GARBAGE BEHAVIOR"

Next, Lovaas turned to self-stimulation, the endless rocking, nodding and twirling that blocks out all attempts to teach such children. An electrified grid was spread under the floor of the room of autistic twins. The minute they began to self-stimulate, the current was shot into their feet. They stopped.

Lovaas has never seen autistic children who did not self-stimulate. But again, it has been found not to be an immutable symptom of an incurable disease. Rather, it seems to be what Lovaas calls "garbage behavior." If one does manage to teach an autistic child some other, useful behavior, the new behavior will gradually replace the self-stimulation completely. Normal children have been found to self-stimulate in the same way if they are left alone with absolutely nothing to do. Children who are blind and deaf look "autistic" until they receive special education. Every organism must have stimulation to live, the theory goes. If it does not get it from the outside, it stimulates itself. However, self-stimulation itself in turn tends to block out cues from the outside, leaving the child caught in a vicious cycle that he cannot break. If self-stimulation is removed, teaching becomes much easier, although still very slow.

With the power to overcome self-destructive and self-stimulatory behavior, teaching has become the byword for the children so many thought could not be taught. But their educations are excruciatingly slow. Just establishing eye contact and teaching the child to attend can take months. Simple tasks such as dressing and feeding himself can take many more months. One parent

watched week after week as a therapist struggled to teach his son to come when called. "A dog after two nights in obedience school is still light years ahead of my boy," he admitted morosely.

LEARNING TO LOVE

But perhaps the greatest hurt with which the parent of an autistic child must learn to deal is the emotional coldness of his child. Even the most severely retarded child is usually affectionate. The autistic child, even from birth, usually does not respond to being picked up and does not mold its body when cuddled. During behavior modification, the parents watch as therapists yell at their child and spank him until he learns that only by running to his parents will the anxiety let up. The child thus learns at least to go to their vicinity when frightened or in danger.

But once there, he must be taught what to do next. Lovaas and his staff then work to "build a hug." The child is deprived of his breakfast and rewarded with bits of nourishment as he comes closer and closer to his mother, then only after raising his arms to her, and finally after putting them around her neck "as though he were hugging her."

Hugs and affectionate behavior are always learned, not innate, Lovaas believes. This does not mean that the autistic child is truly incapable of learning affection, only that he cannot learn it the way a normal child does. The autistic child can be prompted only by what can reach him: pain, hunger, and then relief and nourishment and then finally the warmth of his mother's body.

There are disconcerting aspects, however. When one 6-year-old boy who had finished such treatment followed a stranger in a park and hugged his leg, his father made the disheartening discovery that although his son did indeed now show affection, he seemed to do so at random.

Speech can also be taught in many cases as the child is gradually nudged from passive withdrawal to active communication. He learns to use a vocabulary to at least express his basic needs. Along with the fundamental self-help skills such as dressing and feeding himself, the child then can be taught the rudiments of how to take care of himself.

The results can be staggering. For psychiatrists trained in the old theories, just to step into a school to see "autistic" children sitting at desks in a classroom, paying attention, slowly beginning to pronounce and associate the meanings of words, is little short of miraculous.

PARENTS ARE VITAL

And yet the question still nags: Why are some children who are both intelligent and apparently physically perfect so unable to deal with the world?

Bettelheim's theories still haunt. In the words of a parent who had known all the reassurances, including Lovaas' treatments: "I've never forgotten that [my child] was unwanted. It's as though he sensed that on the day he was born, and has never forgiven us. It sometimes seemed he couldn't even look at me because it would hurt too much."

Every now and then Lovaas encounters an exceptional case of an autistic child (perhaps one much akin to Bettelheim's Joey) who manages to recover almost completely. He enters public school and becomes practically indistinguishable from the "normal" children.

But where the program really means the most is for the non-Joeys. Followup studies on Lovaas' children show those who are returned to state mental hospitals, where no demands are made on them and no one insists on trying to teach them, regress, forgetting all they ever knew about how to take care of themselves. Those who return to their parents continue to progress, sometimes even growing into adults who can hold menial jobs and become at least economically self-supporting.

The parents, not his therapists, remain the child's only source of hope. For this reason, Lovaas trains parents to continue treatment on their own. In ways reminiscent of the education of Helen Keller, they are taught to set up each goal in agonizingly small steps, but then to insist that their child take that step.

One of the most distinguishing characteristics of the child who makes it to normal status is having parents who tend to deny that he is sick, giving no excuses for his behavior and putting lots of demands on him while devoting fantastic amounts of time to him.

Thus the real harm done by the psychogenic theory may not have been the blame it laid, but the wedge it drove between the autistic child and his best allies in his fight to come to grips with the world.

CHILDREN'S CHARITIES

Mr. MONDALE. Mr. President, on February 4, 5, and 6 my Subcommittee on Children and Youth held the first of a series of hearings on the subject of children's charities. I was particularly interested in the testimony we received from representatives of national organizations which are trying to develop ethical standards for charitable organizations.

I request unanimous consent that the following items be printed in the RECORD: My opening statement, explaining the purpose of the hearings; the statement of Peter Falk, the television star who is the national chairman of the National Easter Seal Society; and the statements of Arthur J. Grimes of the National Health Council and Helen O'Rourke of the Council of Better Business Bureaus.

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

STATEMENT BY SENATOR WALTER F. MONDALE, CHAIRMAN, SUBCOMMITTEE ON CHILDREN AND YOUTH

During our lifetime, American charity has accepted the challenge of some of our most terrible problems. It has helped to virtually eliminate tuberculosis and polio . . . to feed millions of hungry children . . . to aid the crippled and disenfranchised . . . and to offer new hope and new life to countless victims of our society.

This morning the Subcommittee will hold its first hearing on a group of charities of particular interest and concern—charities which serve children and youth. I believe that American charity makes a vital contribution to the improvement of life for children and youth both here and abroad, and that our national policies should encourage these efforts. Over the next few months the Subcommittee will be exploring whether existing legislation is adequate to protect the interests of the beneficiaries of and contributors to these charities . . . and trying to determine if new legislation is needed.

During my ten years in the Senate, I have devoted a large part of my time to the problems of children and youth. I know only too well the horror of child abuse . . . the tragedy of an infant who dies of crib death . . . and the frustrations of a poor Indian child who does not get enough to eat . . . and of a black child who can't seem to get a decent education.

These problems have been with us for years. In the public, government sector, we have tried again and again to develop effective programs. Sometimes these programs have succeeded. Sometimes they have failed. But whatever we have done . . . it has not been enough. Illness, poverty, malnutrition are all still very much with us.

Private, charitable efforts for children and youth provide an essential complement to government activity. They provide much needed help to countless children. They offer millions of volunteers the opportunity to know the satisfaction of helping others. They offer contributors a clear choice to select a cause they wish to support.

In these hearings, the Subcommittee's primary concern will be for the children being served by charities and for the contributors who want to help them. After all, that is what charity is about: generous people on one side, needy people on the other side . . . and, between them, organizations that are supposed to be dedicated to serving the contributors and recipients.

If these two groups . . . the contributors and the recipients . . . are in any way being victimized or abused or exploited, the cause of charity in America is suffering.

I am very aware of the problems that confront charities trying to raise money for an admirable purpose. We know that they must spend money to raise money . . . that they must devote part of their resources to overhead and public relations.

On the other hand, I believe that contributors have a right to expect certain things of a charity . . . that the money they donate will be handled with reasonable care and for a charitable purpose . . . and that the children in whose name the money is raised will actually benefit.

Our witnesses today will help clarify what kind of services children receive through charity . . . how charities obtain funds from the public . . . and how much they spend on fund raising, general management and program services.

I am especially pleased to welcome and to introduce our first witness . . . Peter Falk . . . better known to some of you as "Columbo" . . . and known to the Subcommittee as the National Chairman of the National Easter Seal Society.

STATEMENT OF PETER FALK, 1974 NATIONAL CHAIRMAN, THE NATIONAL EASTER SEAL SOCIETY FOR CRIPPLED CHILDREN AND ADULTS

Senator Mondale, I am pleased to appear before you and your distinguished colleagues and give my views on the value and importance of children's charities as I see them. I am serving this year as National Campaign Chairman for the Easter Seal Society, which is the oldest and largest voluntary organization serving crippled children and adults.

My interest in children with problems goes back for many years. When I was asked to participate in an Easter Seal telethon in New York City, I was supposed to appear for a short time, perhaps a half hour. After arriving on the scene and learning about the services the organization renders to children, I stayed there for the full 20 hours that this program was on the air.

I guess you could say I was hooked.

Since that time, as National Chairman, I've had opportunities to become more fully acquainted with the programs of this organization through talking to many children and young adults who have benefited from its services.

I realize that my personal involvement with the Easter Seal Society does not make me an expert in the area of child care or services. But it has enriched my experience and broadened my knowledge of what a vol-

unteer organization serving children is trying to accomplish.

The case for children's charities is a very simple and straightforward one. There are many, many children who need help. The needs are so vast, that government cannot possibly meet the massive challenges alone.

This view was re-emphasized in a recent speech by the Secretary of HEW in which he stated that the government doesn't have all the answers to the myriad problems that exist in the health and welfare areas. He said—"we not only need the private sector to deliver the services, we need all the ingenuity and creativity that the private sector can muster to help us achieve our goals."

It is for these reasons that charities serving children have come into being. These organizations provide many types of services in the areas of health, education, welfare, adoption, foster home placement, prevention of child abuse, counseling, youth guidance, recreation and others.

This country has a deeply-imbedded tradition of volunteerism . . . a tradition we can be proud of. It has been said that a nation can be judged by the way it cares for its people. Certainly, children with problems are high on the list.

Throughout our history, the voluntary organizations have played a significant role in the building of this great nation. It was volunteers whose organized efforts built the churches, the hospitals, the libraries—who nursed the ill and who were the source of help in time of trouble.

Great advances have been made in the care of children which might not have been possible without the extensive network of charitable organizations. An added dimension is the channel such organizations offer to the millions of Americans who are eager to help and can do so through volunteer service.

In 1968 a survey was conducted by Roper Associates to substantiate whether there was any real concern or interest among Americans in volunteering to help solve some of the great social crises of their country. The results of the poll showed that 60 million Americans were deeply concerned and wanted to help.

More recently, in 1972, a New York market research firm conducted a nationwide survey in an effort to determine why people give to charities and how they choose the charities they wish to support. The results showed that more than 60 per cent of the people who give to charity do so out of a feeling of moral obligation. These people tend to be steady givers. Of all the specific types of charities, those serving needy children, medical research and aid to the handicapped were most favored, according to the survey.

And so, it seems clear that there is an innate desire in the hearts of most people to improve the human condition by helping others—sometimes on a one-to-one personal relationship, sometimes by giving money and services to an organized charity.

There are many ways volunteers give of themselves to children's charities. What's important is that there *are* opportunities for people to become personally involved in needed community service programs.

As concerned and motivated citizens, they want and demand "a piece of the action" in utilizing their talents to help.

Important as the direct services to children are, there is another dimension to the value of children's charities and the individuals who make them work. Through public education and information problems, children's charities help focus public attention on the needs of children.

The dramatic success scored in conquering polio is one example of what a children's charity can accomplish through research when there is public support. There are many other examples of forward strides achieved through arousing the American public and providing the facts about serious problems.

In conclusion, may I say that there is ample documentation that charities serving children occupy a solid niche in this country's approach to meeting urgent needs. If we want to keep our country strong, I firmly believe one of the ways is to help those children who need a helping hand through all available means. The vitality, devotion and spirit of these children's charities are the powerful ingredients that make possible a creative partnership between the private sector and government. It all adds up to a winning combination of resources that can—and must—find the answers to the problems children face.

Senator Mondale, I want to thank you for this opportunity to say a few words on behalf of organizations for children whose goals and objectives are something I believe in with all my heart.

STATEMENT TO THE SUBCOMMITTEE ON CHILDREN AND YOUTH OF THE SUBCOMMITTEE ON LABOR AND PUBLIC WELFARE

(By Arthur Jack Grimes)

CHARITABLE ORGANIZATIONS THAT BENEFIT CHILDREN

Mr. Chairman and Members of the Committee: My name is Arthur Jack Grimes. I am Director for Membership for the National Health Council. I have had responsibility for the Council's Membership Standards Program over the past twelve years.

THE NATIONAL HEALTH COUNCIL—WHAT IT IS AND DOES

The National Health Council is a private non-profit membership organization that brings together over 75 national voluntary health agencies, professional membership associations, government, business and industrial firms to improve the nation's health through cooperative action. A list of the NHC member organizations is included as an attachment to the advance copy of my statement provided to the committee. The National Health Council was founded in 1920 by a group of leaders—representing such organizations as the American Medical Association, the Rockefeller Foundation, and the American National Red Cross—who anticipated a vast expansion in health activities and foresaw the need for a meeting ground and coordinating mechanism for the growing number of national health agencies in the United States.

The National Health Council's goal is to improve the health of the public throughout the nation. Its principal functions are:

To help member agencies work together more effectively in the public interest.

To identify and promote the solution of national health problems of concern to the public, and

To further improve governmental and voluntary health services for the public at the state and local levels.

The Council's activities are chartered and guided by a 43-member Board of Directors. The governing board is representative of its member organizations with participation from members of the public-at-large. The Council is incorporated under the laws of the State of New York and is classified as a 501(c)(3) Federally tax-exempt organization. Dues from member agencies constitute the major continuing source of income. Funds are provided for special projects by Federal grants, foundations and the business community.

Millions of volunteers are associated with the Council's member organizations. They contribute time and talent in hospitals, rehabilitation centers, in recruitment of other volunteers, recruitment of young people for health careers, public and professional health education, fund-raising, trustee service and a host of other tasks for the benefit of the health of their fellow citizens. They are also the organizations that set and maintain standards for the health care this country receives. They are the professional base for the highly trained core of people who provide health care to Americans. The Council's member organizations are in short, our health establishment.

NHC STANDARDS MET BY VOLUNTARY HEALTH AGENCY MEMBERS

The 19 national voluntary health agencies which are members of the National Health Council can be viewed as truly representative of and responsive to voluntary effort because they are so organized and operated. The Council's membership requirements for these agencies are designed to assure this and also to assure that they are reliable, ethical and efficient organizations by reason of having met the eligibility requirements before they became NHC members. These requirements include the provision that these organizations document annually to the National Health Council that they meet substantially the Council's criteria of reputable operations including ethical fund-raising and promotion publicity, democratic structure and governing processes with full disclosure to the public of amounts and types of assets, liabilities, income and expenses for program and supporting services (fund-raising and administrative costs) according to the *Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations* (NHC–National Assembly, 1964). The Council's criteria for membership eligibility have been developed and administered as standards for organizational excellence. The objective is not to mold the members into a rigid, inflexible organizational pattern but to provide sound basic rules for the benefit of the members and to protect and promote the public interest and confidence in the membership. The considered opinion of the Council's leadership is that this is necessary so that voluntarism and professional and public trust may continue to grow.

IMPORTANCE OF VOLUNTARY HEALTH MOVEMENT

My purpose today is to describe the importance of a viable voluntary health movement to improve the health and quality of life for people of the U.S. including children and youth. The 19 national voluntary health agencies represented in the Council membership include the American Cancer Society, the American Health Association, the National Easter Seal Society, to mention a few of the largest, each of which raised over 50 million dollars in 1972. Also included are some of the newer and smaller voluntary health organizations such as the National Cystic Fibrosis Research Foundation, the National Multiple Sclerosis Society and the National Society for Autistic Children.

One of the best examples of the value of the voluntary private sector concerned with health is illustrated by the accomplishments of the National Foundation—March of Dimes. Through the work of this organization we have today a vaccine against polio which formerly took a heavy toll in the lives and health of children and youth. Conquering this disease was made possible with private funds contributed directly by the people of this nation, including yourselves, through the March of Dimes. Each one of the Council's voluntary health agencies is concerned with the health of children and youth; some of them very specifically within that age category, others with the health of people of all ages. A similar success for tuberculosis is due to significant professional and public education and services of the National Tuberculosis and Respiratory Disease Association—now know as the American Lung Association. There are many other successes due to our investments of time and money in the voluntary health movement. Most are not as dramatic as that of conquering TB or polio but

for a successful rehabilitation of a crippled child, it is just as important. Significant breakthroughs are promised from the work of the voluntary agencies concerned with kidney disease, hemophilia, and diabetes.

The importance of the voluntary health movement is characterized by their programs and accomplishments in:

1. Creation of awareness of specific health problems among large numbers of people through free-ranging, uninhibited public education campaigns that enhance the use of preventives, precautions and medical services.

2. Support for community health services engendered and augmented by practical person-to-person services which constitute a morale-building factor speeding recovery for the afflicted.

3. Pioneering research in specific disease categories which make it possible to take advantage swiftly of breakthroughs in discovery of causes, remedies and prevention of many diseases.

4. Recruitment and utilization of volunteers who as a result of their agency experience develop satisfaction and skills that make them the new community leaders, urgently needed in our rapidly changing culture.

MANAGEMENT IN THE NHC VOLUNTARY HEALTH MEMBER ORGANIZATIONS

Management techniques evolved by the business world are employed by the major health agencies. They make formal study of their goals and structure, prepare annual budgets for approval by their boards of directors, use electronic data-processing to record their fiscal affairs, keep track of administrative actions and spot trends and changes in public attitudes. This in no way detracts from their humanitarian purposes. The objectives remain altruistic, while such procedures as job classification, performance review, cost analyses and evaluation studies of the particular activities protect the contributors' dollars.

One of the most significant joint actions taken by these agencies to date was the adoption in 1963 of *Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations*. These reporting standards were developed by the National Health Council and the National Assembly for Social Policy and Development to meet the need for better financial data upon which contributors could base decisions. Lack of common terminology and procedures in public financial reporting had made it difficult to appraise and compare the activities of individual agencies. Now, a format has been developed by which each agency can summarize its figures. By using the same ground rules for items of similar nature, there is comparability of financial reporting. The *Standards* were adopted in 1973 as the generally "accepted accounting principles" by the AICPA. Beginning with fiscal years ending in 1975, in order to obtain an unqualified CPA audit opinion, voluntary health and welfare organizations at all levels of operation must be using the principles of the uniform accounting *Standards*.

In the *Standards* sources of income are identified within common categories and expenditures are in two major divisions: "Program Services" such as research, patient services, public education, professional education, community services and, "Supporting Services," which includes the general operating services such as administration and fund raising.

At this time most of the national voluntary health and welfare agencies have endorsed and are implementing the *Standards of Accounting and Financial Reporting*. The Council in 1974 is engaged in a joint campaign with the United Way of America, the National Assembly and the American Institute of Certified Public Accountants, as well as with the National Association of Attorneys General, to achieve their universal use.

The Council's criteria for eligibility for membership, including full disclosure according to the *Standards*, have gained wide acceptance in the field as the recommended *Standards* for organization and operation for voluntary agencies and professional membership associations in the health field in the U.S.A. As indicated, they provide sound basic rules for the benefit of the non-profit health and welfare organizations and help to promote the public's interest, trust and confidence in voluntaryism.

THE USE AND LIMITATIONS OF FINANCIAL RATIOS AND JUDGING THE EFFICIENCY OF EFFECTIVENESS OF CHARITABLE ORGANIZATIONS

Since some of the activities undertaken by many voluntary health and welfare organizations ultimately, necessarily and properly simultaneously serve the program objectives of an agency as well as its management activities and the raising of funds to carry on these other functions, it may not be possible, even with the most meticulous accounting, to completely isolate and precisely report all of an agency's expenditures for any single function, whether it be fund-raising, management and general, or a particular program service.

It is fully recognized that the most serious single concern of many contributors, and of many governmental bodies that require public reporting of the finances of certain charitable organizations, is to ascertain agencies' fund-raising costs, and the relationship of these to total funds raised. This concern and preoccupation has also led to a natural and understandable interest in establishing comparative criteria, or even arbitrary limits, for what might be considered a proper percentage of fund-raising costs.

If it were possible to prescribe a *single basis* for comparison, or method of calculating a fund-raising cost ratio that would be applicable uniformly, such efforts would be most useful. Facts do not appear, however, to justify expectation that this can be done. The most serious obstacles to formulation of a universally applicable method of calculating fund-raising cost ratios (and, therefore, to prescribing a proper fund-raising cost percentage) are these:

1. It may not be possible to identify and separately report all of any agency's fund-raising costs.

2. Many agencies, in addition to support from the public that they obtain directly, receive public support indirectly through federated and other fund-raising organizations whose fund-raising cost they may not be able to ascertain.

3. Bequests or governmental grants, that may be received years after they were solicited or be entirely gratuitous, may preclude any meaningful matching of support and revenue with fund-raising costs.

4. Only relatively large agencies can be expected to have accounting staffs and systems that will permit full separate accounting for costs of multiple fund-raising activities during a given year—e.g., operating fund campaigns, a building fund campaign, special fund-raising events.

The foregoing considerations suggest that a great deal of caution be exercised by individuals or groups who attempt comparative evaluations of voluntary agencies' fund-raising costs, or who attempt to devise standard methods of calculating fund-raising costs percentages or to set ceilings for them. Other financial ratios that are sometimes used in efforts to appraise voluntary agencies, such as of total "administrative" or "overhead" costs to total expenditures, are subject to the same cautions and limitations.

For the committee's information a 1973 study of 15 of the NHC voluntary health agencies for all levels of operation, reporting according to the uniform accounting *Standards*, expenditures for fund-raising did not exceed one-third of income for 1972. Most have fund-raising costs less than 25% income.

ETHICAL FUND-RAISING AND PROMOTION PUBLICITY

The NHC requires that its voluntary health agency members' fund-raising and promotion programs be conducted according to the following standards:

a. Methods of Promotion—Only ethical methods of fund-raising are employed by the organization or on its behalf. The publicity and promotional activities in connection with fund-raising encourages respect for clientele and presents factually accurate material describing the needs served, volume and character of services offered and accomplishments. Protection is afforded against unauthorized use of the organization's contributor lists.

b. Fund-Raising Methods—The organization does not mail unordered tickets or commercial merchandise with request for money in return. The telephone is not used for soliciting funds from the "general" public. No arrangements are entered into to raise funds on a commission basis.

c. Fund-Raising Costs—The organization is pledged to honest reporting of fund-raising costs, and to the development of improved standards of recording such costs. Fund-raising costs are disclosed to contributors and to general public in the annual report.

These requirements are based on the *Standards of Fund-Raising Practice for Social Welfare Organizations* promulgated by the National Assembly for Social Policy and Development (formerly the National Social Welfare Assembly) and over 35 other national health and welfare organizations.

FEDERAL LEGISLATION AFFECTING CHARITIES THAT SERVE CHILDREN—WHAT MORE IS NEEDED?

In addressing ourselves to the question of what Federal legislation may be needed to protect the public interest in voluntary solicitations, we need to assess the value to our nation of the private philanthropic initiative in defining and contributing to the public good. An example might be useful to make the point of the value of private philanthropic efforts in increasing the quality of life, and particularly the improvement of health.

If you were to examine the record to see when Federal funds became available in significant amounts for the support of health related research, you would observe that this began after the victory over polio was declared in 1955. You will recall that this battle was initiated by the National Foundation against Infantile Poliomyelitis (March of Dimes). The winning of their victory was due primarily to the investments by this organization in research and quick application of the results from research towards that end. While the scientific community, including the voluntary health agencies, welcomed the addition of a large measure of support for research in recent years and the foresighted wisdom of the Congress and the President in making this possible many of us would question the wisdom of reducing incentives for encouraging contributions of money and time from the private sector to the point where we become solely dependent upon only the government for support of this service.

By appreciation of the importance of *diversity* in private initiative in attacking problems and provision for protecting this system by Federal laws, we have become the most advanced and enlightened country in the world. Private philanthropy in the U.S. began with the concept of neighbor helping neighbor, then pooled voluntary help in improving the conditions of the poor. This was followed by voluntary organization initiative and support of the fight against disease, and now the focus is on improving the

quality of life for all of us in a way that is envied the world over.

In 1973 I made a study of voluntary citizen action in seven European countries. Included were some of the more socially advanced nations, such as England and Sweden, which moved to the point of almost complete dependence upon government for provision of social services. In each of the countries visited there is a desire by government and private leadership to build a stronger organized private voluntary system to assist the government in carrying out the mandate from the people for social services improvement. Voluntary organizations do exist in most European nations but there is a difference in the amount of participation and initiative when most of the money for voluntary action comes directly from government appropriations.

I do not think anyone wishes to destroy or weaken a system that has produced so well for us through the availability of funds and voluntary action from individuals and private sources such as foundations, business firms, etc. for the innovations and initiative that has contributed to our success to date in meeting health problems. There is much needed to provide improved health services but we must be careful not to destroy a good system in the process of trying to *improve* it.

PROPOSALS FOR LEGISLATION TO IMPROVE VOLUNTARY CITIZEN ACTION

To build upon our accomplishments to date through voluntary citizen action for health I would urge consideration by this committee of legislation that would accomplish the following objectives:

1. *Provide increased incentives through our tax system for voluntary citizen support of reputable voluntary organizations.*

During the 1973 legislative session proposals were advanced for reform of the existing Federal tax laws. These proposals would reduce or eliminate the current tax deduction for charitable giving. In effect, such proposals would have all funds for public services channeled through government appropriations.

As I indicated, the European experience has found this quite damaging to individual, private initiative for social improvement. The attitude is that if government collects the money, let government do it for us. The unique success of the U.S. experience, in my opinion, is attributable to the philanthropic experience and its encouragement through the laws providing tax incentives for support of public service activities by individuals and private organizations together with government. We need the provisions in our tax laws that encourage, not discourage, increased support for reputably operated charitable activities.

2. *Correct the existing severe restrictions on the right of public charities to participate in legislative dialogue.*

Currently, such groups are not permitted to engage in activities affecting legislation "to any substantial extent." "Substantial" is not currently defined. As a result few organizations risk their tax-exempt status by engaging in effective efforts to improve inadequacies or inequities in our health system controlled by government legislation. This is in contrast to tax-exempt trade associations that have no restrictions on their legislative activities. Such inequity is at the expense of organizations that are primarily concerned with the larger "public or community interest." I urge your support in development of legislation that would increase the amount of dialogue by the private sector in the legislative process for ways of improving services for people of *all* ages including children and youth.

3. *Strengthen provisions of the current requirements for organizations that are granted a tax-exempt status under Section 501(c)(3) of the IRS Code.*

Federal legislation is needed to help the public determine the organizations that are reputable and those that are not efficient or effective in use of the public trust granted to them by tax-exempt status. This can be done without the government deciding what constitutes "efficiency" and "effectiveness" among the organizations that are so classified. I believe that a provision requiring organizations that are classified as tax-exempt to issue an annual trusteeship report to their constituency (which in most instances is the general public). Such an annual report should provide for full disclosure by a tax-exempt, 501(c)(3) organization of:

1. financial transactions according to generally accepted accounting principles for its field including an opinion statement by an independent public accountant;

2. program services and accomplishments by the organization during the reporting period;

3. names and geographic locations of persons with the responsibility for organization's policy and its execution. Provision could be made for such disclosure in an annual statement to their constituency via the public media and/or a separate publication made available to the public at the time of solicitation for support.

In respect to the third proposal the general concept was proposed during the last legislative session in the pension reform bill. Provision was made for establishment of an "Assistant Commissioner (of the IRS) for Charitable Organizations." The idea behind this position is to provide expert guidance to tax-exempt organizations in meeting the requirements of the tax law. As I understand the proposal, it would *not* be primarily directed towards the collection of revenue.

My purpose in coming before this committee is to stress, not only the importance of the private sector but the need for enlarging the opportunities for citizens to act voluntarily, generously, to support good work in their communities in the nation. We all like to have the feeling that each of us can have a positive influence in improving our own life, that of our children and of our neighbors through contributing to causes that benefit others as well as ourselves. The possibility of being able to do so and the encouragement of this concept will have benefits in the form of healthier and happier children and more involved citizenry than if primary dependence of social service, including health, institutions are supported through tax funds.

NATIONAL HEALTH COUNCIL MEMBER ORGANIZATIONS

ACTIVE MEMBER AGENCIES

American Association of Blood Banks
American Association for Respiratory Therapy
*American Cancer Society
American College of Preventive Medicine
American College Health Association
American Dental Association
*American Diabetes Association
*American Heart Association
American Hospital Association
*American Lung Association
American Medical Association
American Medical Technologists
American Medical Women's Association
American Nurses' Association
American Occupational Therapy Association
American Optometric Association
American Osteopathic Association
American Pharmaceutical Association
American Physical Therapy Association
American Podiatry Association
American Public Health Association
*Amercan Social Health Association
American Society for Medical Technology
American Speech and Hearing Association
*Arthritis Foundation
Association of Medical Rehabilitation Directors and Coordinators
Association of Schools of Allied Health Professions
Association of Schools of Public Health
Blue Cross Association
*Epilepsy Foundation of America
Eye-Bank Association of America, Inc.
*Muscular Dystrophy Associations of America
National Association of Blue Shield Plans
National Association of Home Health Agencies
National Association for Music Therapy, Inc.
*National Council on Alcoholism
*National Cystic Fibrosis Research Foundation
*National Easter Seal Society for Crippled Children and Adults
National Environmental Health Association
*National Foundation
*National Hemophilia Foundation
*National Kidney Foundation
National League for Nursing
National Medical Association
*National Multiple Sclerosis Society
*National Safety Council
*National Society for Autistic Children
*National Society for the Prevention of Blindness
Society for Public Health Education
Student American Medical Association
Student National Medical Association
*United Cerebral Palsy Associations
* Voluntary Health Organizations

ASSOCIATE MEMBERS

American Foundation for the Blind.
American Home Economics Association.
American National Red Cross.
Association of Junior Leagues of America, Inc.
Equitable Life Assurance Society of the United States.
Goodwill Industries of America.
Health Insurance Council.
Lions International.
Metropolitan Life Insurance Company.
National Association of Social Workers.
National Council on the Aging.
National Council for Homemaker-Home Health Aide Services.
National Dairy Council.
National Federation of Business and Professional Women's Clubs.
National Rehabilitation Association.
National Urban League.
Smith Kline & French Laboratories.

FEDERAL AGENCY MEMBERS

United States Department of Agriculture Federal Extension Service.
United States Department of Health, Education and Welfare.
Office of Education.
Public Health Service.
Social Security Administration.
Social and Rehabilitation Service.
Veterans Administration
Department of Medicine and Surgery.

FOOTNOTE

* These organizations document annually to the National Health Council that they meet substantially the Council's eligibility criteria of reputable operations including ethical fund-raising and promotional publicity, democratic structure and governing processes, with full disclosure to the public of amounts and types of assets, liabilities, income and expenses for program and supporting services (fund-raising and administrative cost) according to the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations (NHC-National Assembly).

A copy of the NHC Eligibility Criteria for National Voluntary Health Organizations is available on request to: National Health Council, 1740 Broadway, New York, N.Y. 10019, Tel: (212) 582-6040.

CHARITABLE ORGANIZATIONS AFFECTING YOUTH AND CHILDREN

(Testimony by Helen L. O'Rourke)

Thank you, Mr. Chairman.

I am Helen O'Rourke, Director of Philanthropic Advisory Department, Council of Better Business Bureaus, Inc.

On behalf of the CBBB, permit me to say I appreciate the opportunity to participate in this hearing and assist you in your study of charitable organizations that benefit children.

I'd like to commence with a brief description of our organization. The Council is very much involved in the monitoring of soliciting organizations. The Council of Better Business Bureaus, Inc., came into being on August 1, 1970, as a result of the consolidation of the National Better Business Bureaus, Inc., and the Association of Better Business Bureaus International, Inc. The Council combines the functions of its predecessors by:

1. fostering fair advertising and selling practices in national advertising;
2. coordinating policies, standards and practices for Better Business Bureaus; and
3. providing a national voice for the Better Business Bureau system.

The Council is a non-profit corporation supported by annual dues from its members. Its membership consists of 140 Bureaus in the United States, and more than 1,000 national companies.

The Council is guided by a Board of Directors consisting of 36 members and up to 12 at-large members. Representing the Better Business Bureaus is the Management Committee, consisting of 14 Bureau executives, whose functions are, in general, to provide expert advice on policies and operations.

Recognizing the need for factual and readily available information, the Philanthropic Advisory Department of the Council of Better Business Bureaus has developed a program to provide the public, Better Business Bureaus, Chambers of Commerce, corporations, media and the government—at all levels—with factual reports on national and international soliciting organizations. Included in these reports is information about the organization structure, activities, fund-raising methods, financial statement and tax status.

Also the Philanthropic Advisory Department of the Council of Better Business Bureaus provides advisory and consulting services to soliciting organizations regarding fund-raising ethics, operations and compliance with established standards.

All of the services of the Philanthropic Advisory Department of the Council of Better Business Bureaus are provided at no cost to the individual or organization requesting information, reports or assistance.

During 1973, the Philanthropic Advisory Department of the Council of Better Business Bureaus responded to over 10,000 requests for informative reports on national and international soliciting organizations. January, 1973, the Philanthropic Advisory Department of the Council of Better Business Bureaus received 600 telephone and mail inquiries. By December, 1973, the number of inquiries jumped to over 2500. Last week we received approximately 1300 public inquiries. For your information, individuals, through direct gifts or charitable bequests, contributed 86.6% of the over 22 billion dollars given in 1972 for philanthropic programs.

The 140 Better Business Bureaus are provided with the written reports developed by the Philanthropic Advisory Department of the Council of Better Business Bureaus and they also maintain information and reports on local soliciting organizations.

The Philanthropic Advisory Department not only provides local Better Business Bureaus with reports and other information on national and international soliciting organizations, but also provides them with assistance, training and guidance in their investigation and report procedure. In turn, the local Better Business Bureaus provide the Philanthropic Advisory Department with information about the local activities of national and international soliciting organizations that are active in their service area.

One of the areas of greatest public concern is the organizations which offer child welfare services through "sponsorship" plans, or "adoptions". Under this plan, a sponsor usually will "adopt" a child and remit an average of $12 a month to the organization for support of the child. In return, the sponsor will receive a picture of the child, a case history, personal letters, and follow-up information. The *public* usually expresses its concern about these types of organizations by asking:

(a) Is this organization worthwhile and deserving of support?

(b) Does my money really go to the child?

(c) Is there a child who receives my money?

(d) How much of my money really goes to the child?

(e) Is there really such a child?

The Council believes there are an infinite variety of factors that must be considered before an organization's effectiveness and competency may be assessed.

The causes and programs espoused by soliciting organizations go from one end to the spectrum to the other. What is a worthwhile cause for one person will be meaningless to another. The Council believes that potential donors should have sufficient facts at hand so that they may individually evaluate the appeals for funds. Our reports are written to provide a broad overview of an organization's basic structure, background, fund-rasing methods, programs, activities and management.

The first step in a CBBB investigation is to send a questionnaire to the organization. CBBB believes in promoting self-regulation. We always request the subject organization's cooperation in our efforts to provide inquirers with full and accurate information. I would estimate that approximately 90% of the organizations contacted by CBBB respond in some fashion to our request for information.

At the time an organization is sent a questionnaire, the Council contacts the local Better Business Bureau serving the area where the organization is located and requests their assistance in developing information. If we know that an organization maintains its administrative offices in one city, and operates a program in another city, we contact both areas for information.

The IRS and other government agencies having jurisdiction at the Federal and state level are also contacted. Not all soliciting organizations provide us with the requested financial information in the detail needed to evaluate dollars and programs. By evaluating the information received from these various sources the Council of Better Business Bureaus is better able to determine the scope of the actual programs and services. Also, it is possible to determine the amount of funds actually spent on programs compared to funds received from appeals.

Program verification is a particular problem area. For example: Appeals for American Indian Reservation and Appalachia Communities. In these instances, we have worked through existing government agencies. In this connection, the Bureau of Indian Affairs has been particularly helpful in cooperating with us and in assisting us in developing information on several Indian, or alleged Indian, organizations.

The problem overseas is almost impossible to resolve at this time. One particular problem frequently occurs when people see in solicitation material that an organization is "Registered with the U.S. Government's Advisory Committee on Voluntary Foreign AID". People frequently assume that an organization has passed some sort of "test" of its reliability and that such an organization is "approved" by the government. One of our jobs has been to explain to people that registration with AID does mean that an organization has met certain criteria, but not necessarily that it has been approved as a government-accepted/approved organization.

Any organization operating overseas, or with extensive overseas programs, as most of the child adoption agencies are, is almost impossible to check. There are only a few Better Business Bureaus outside the United States, and they are not where the heaviest concentration of children's groups operate; Viet Nam, Hong Kong, Korea, South America. The Council has been able to contact the Hong Kong Social Services Department on one solicitation which originated from a leper colony there, but our avenues of information on other types of programs are virtually non-existent. The Council finds itself in the position of being one of the foremost authorities on soliciting organizations, with no place to go for the information it needs to verify or countermand the claims made by soliciting organizations.

An additional problem is created when the soliciting organization is a religious, or religious-affiliated one. Most existing state and local regulatory agencies have traditionally exempted religious groups from their registration and reporting requirements. It is only since 1969 that religious organizations have been required to file Information Returns (990) with the IRS.

The Council of Better Business Bureaus does not comment on the validity of any particular religion. However, when any church or religious group enters the marketplace or solicits charitable contributions from the public at large, both activities fall within our traditional reporting responsibilities. In either situation, the Council never comments on the religion itself.

Another major educational problem faced by the Council of Better Business Bureaus concerns the public belief that, once an organization has been awarded a tax-exempt ruling by the Internal Revenue Service, its legitimacy can be relied upon. The IRS, of course, is not equipped to audit all tax-exempt organizations soliciting funds from the public, on even a once every ten year schedule. The public, however, persists in believing that the Internal Revenue has certified the reliability of an organization by awarding it a tax-exempt status.

The IRS is responsible for making the Form 990 by a tax-exempt organization available to the public. However, these returns are usually so out of date by the time they become available to the public as to be useless. Frequently, new organizations will lose money, or have extremely small incomes during their first years, and have second and third years that are remarkably successful. CBBB has, in its files, information on an organization that took in approximately $20,000 its first year of operation, and took in well over $1 million its second. So that when the first year Form 990 becomes available to the public, usually one or two years behind the time they were filed, it is virtually useless to an inquirer.

As another example, CBBB recently requested the returns of three tax-exempt organizations. The latest available information was, for one, a return filed in 1968, for another, filed in 1969, and for another, in 1957.

In connection with child adoption organizations, people are obviously concerned as to whether the child exists in the first place, and I have attempted to detail some of the

problems encountered by CBBB in our attempts to verify that fact.

People also want to know that their money is going to the child. Very often, an inquirer will become irate when told that only $8 or even $10 of their contribution goes to the child, with the rest usually allocated to contingency funds or to administrative or fund-raising costs of the organization. The public has not accepted the fact that a soliciting organization is not really any different from a profit-making business firm that has certain fixed costs of doing business and running its program.

One of the problems is that some of the soliciting organizations seeking funds to aid children use a picture of an unusually dirty, plaintive looking child, who "needs love" or is reaching out for help. Often the advertising attempts to depict the immediacy of the child's need created through compelling illustration or "gimmicks," such as asking Mrs. Martin for help for Elizabeth Martin, whose picture is attached to the appeal.

The Council of Better Business Bureaus, together with almost 50 representatives of fund-raising organizations, media and donor groups, has worked for the past 9 months to develop equitable and effective "Standards for Charitable Solicitations."

CBBB believes any organization which solicits funds from the public should provide a full accounting of their activities and financial standing to potential or actual donors. Our first part of the standards will delineate those areas which we believe to be the most important for consideration in determining the relative effectiveness and efficiency of an organization. These standards relate to the structure, finances, fund-raising methods.

The second part of CBBB's Standards is concerned with the accuracy and completeness of a soliciting organization's advertising and informational material. Increased public skepticism directed toward advertising has not skipped the promotion/publicity, educational campaigns conducted by soliciting organizations.

In conclusion, let me say that I believe there are several areas where attention could be directed with an eye toward resolving some of the more outstanding problems in this investigation/reporting area.

First, it is obvious that the IRS is ill-equipped to do the job they are being asked to do. A non-profit organization should be treated separately from a profit-making firm and accordingly, a separate review/monitoring section should be developed to handle this problem. A greater staff could allow for periodic review of an organization, its reporting to IRS, and its general operations. Attention should be directed particularly hard at an organization during the first years of its operations, and on a regular basis thereafter.

Secondly, it might be possible for different agencies, notably AID, to make greater use of American personnel already overseas. It should be possible for each organization requesting acceptance from AID to be fairly thoroughly investigated, including its overseas operations. Again, reviews should be conducted on a regular basis.

Finally, I would like to bring to the attention of the Committee a Bill, H.R. 11991, which was introduced December 17, 1973 by Congressman Lionel Van Deerlin, of California. This Bill would require the soliciting organization, upon request, to furnish complete and accurate financial and program disclosure about it and the person making the solicitation. This Bill was drafted with the help of a number of interested organizations; including, the National Health Council, American Association of Fund-Raising Counsel, National Foundation, Direct Mail Marketing Association, National Catholic Development Conference, United Way, National Assembly for Social Policy and Development and I was asked to participate as a consultant.

SUBSIDIZING THIEU'S FORTRESS

Mr. CRANSTON. Mr. President, there seems to be no end to our involvement in the grindingly brutal system of oppression perpetuated by President Thieu. We are subsidizing systematic killing, torture, and imprisonment with money that rightfully belongs to our cities, our poor, and our elderly.

We thought, we hoped, that when Congress ended the bombing last summer, we were free of the war. But there is no peace.

We rejoiced at the withdrawal of American troops and at the signing of the cease-fire a year ago. But there is no peace.

In the year 1973, more than 50,000 Vietnamese soldiers were killed—more than the total of American war deaths in 8 years, 43,166 civilians were hospitalized, and 818,700 people became refugees.

These figures, compiled by the Senate Subcommittee on Refugees and by the Agency for International Development, seem remote to us because Americans are not on the firing line any more. But to the Vietnamese they are everyday reality.

Mr. President, Mr. Robert C. Ransom, a corporate lawyer from New York, recently visited South Vietnam as a pilgrimage to the memory of his dead son. He hoped that he might find some consolation if there was evidence that his son's death had somehow helped the Vietnamese.

His findings were depressingly familiar.

Repression. Graft. Starvation. Torture.

He wrote—

> We saw little evidence that American money was being used for anything but support of the Thieu military regime.

Mr. President, it is widely and reliably estimated that the American taxpayers pay 80 percent of the costs of that regime.

The first thing for Congress to do, it seems to me, is to get ahold of a breakdown of that aid. Not bureaucratic euphemisms—"public safety"—not hidden transfers, but hard facts.

For a long time now I have tried to collect bits and pieces of information in an effort to put together a total picture.

For example, Stanley Karnow, a veteran reporter now with the New Republic, reported last month that the Air Force recently requested $35.5 million for 38,359 cluster bombs for use in Southeast Asia, 9,400 more than it purchased in 1973.

According to the U.S. Embassy in Saigon, the United States gave the South Vietnamese 142,000 bombs, rockets, and flares, 13.8 million rounds of small-arms ammunition, and 8,200 rounds of ammunition for large naval guns—all in the first 6 months following the cease-fire. The total cost was $2.7 million. Yet this information was released only after repeated questioning by the New York Times.

To take another example, my distinguished colleague, Senator HAROLD HUGHES, reports that 44 percent of the food-for-peace program funds are destined for military use in South Vietnam and Cambodia. Food for peace is really food for war.

These are only pieces of a horrifying puzzle—a puzzle whose size is larger than most people realize.

First of all, we need to put together a list of all funds headed for Indochina.

Then we need to act, officially and decisively, to insure that funds intended for humanitarian use end up where they belong, and not in the pockets of Thieu's generals.

Most important, we have to stop fueling Thieu's war machine, and cut off the military gravy train that keeps Thieu in power. For what we are doing is to encourage a power-hungry and corrupt dictator to fight on and on and on, backed by promises of endless American support.

What did we learn from the war, anyway? I honestly think that if Congress knew the full story, it would no longer vote to subsidize Thieu year after year after year.

I hereby serve notice that I will act through this year's authorization and appropriations process to do what I can to stop these wasteful and immoral payments, and to see that they are rechanneled toward badly needed domestic programs.

Mr. President, I ask unanimous consent that articles on Vietnam since the cease-fire, published in the Los Angeles Times, the New York Times, the Washington Post, the Baltimore Sun, the Philadelphia Inquirer, and the New Republic be published in the CONGRESSIONAL RECORD.

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

[From the New York Times, Feb. 19, 1974]

BEREAVEMENT AND A PILGRIMAGE

(By Robert C. Ransom)

BRONXVILLE, N.Y.—When my oldest son, Mike, was killed in Vietnam nearly six years ago I never thought I would visit the now-bleak coastal plains between Quang Ngai and My Lai where he died. Last month I did.

This was a difficult pilgrimage for me because I had long since concluded that his life was wasted by his own Government in a war that his fellow countrymen want only to forget. I had reluctantly come to believe he died for a cause that had brought only discredit and shame to the United States. It was my hope that in going to Vietnam I might find some consolation for his loss if there was evidence that his sacrifice had somehow served the Vietnamese people.

I wanted to find the honor promised by our Government when we signed the Paris agreement in January, 1973. Sadly, it must be said that none is to be found. The very use of the word when applied to the conduct of the Government of Nguyen Van Thieu is a mockery.

Nor is there any peace in Vietnam. At night we lay awake listening to the sound of the guns and rockets. Responsible sources said at the time that there had been at least 119,849 casualties since the "cease-fire."

As a lawyer I welcomed the opportunity to join four other Americans in a trip to assess the prospects for peace in Vietnam. I had heard much about abuses of the legal and judicial system there, but I would not have believed it had I not seen for myself what can only be called a total police state.

President Thieu's palace is a fortress surrounded by army tents, pillboxes with antiaircraft guns, and helicopter pads. On every block in Saigon we encountered policemen and paramilitary forces equipped with United States M-16 rifles and sidearms.

We were overwhelmed with the personal impact of talking with people who had actually suffered torture and the brutality of prison life. The palpable presence of terror was everywhere—in the sure knowledge of these people that any apparent opposition to the Government, or the indication of a desire for peace, would be met with reprisals against members of their families, even young children, in the form of seizure and subjection to the inhuman incarceration so prevalent.

One of our group attended a Saigon military court where defendants were tried without benefit of counsel, given five-minute hearings, and in every case convicted of "political" crimes.

Particularly disturbing was the realization that many of the people who spoke with us, at considerable risk to their own freedom and safety, believed that once we were made aware of the facts of daily existence in South Vietnam we would be able to do something about them.

In separating fact from myth, we knew that 80 per cent of the costs of the Thieu Government were borne by American taxpayers. Just how much of the money was used for humanitarian aid to the people was one of the myths. Unfortunately, we saw little evidence that American money was being used for anything but support of the Thieu military regime.

When I was in the northern part of the country, where my son had been, I visited an encampment in which 750 families lived who were supposed to have been resettled as part of the "return-to-village" program. They lived under appalling conditions behind barbed wire. They had not received their allotments of money and tin roofing to build new homes; they did not have their promised allowances of rice; and they were not permitted out into the fields to grow the rice, on which their lives depended. With horror, I observed a family of six, near starvation, eating a meal of chopped banana stalks just to fill their stomachs.

I visited a small primitive hospital that serviced many of the more than 100,000 civilian amputees. Nowhere did I see a sign of sophisticated American medical assistance. Instead, a small group of dedicated, privately supported workers were making valiant efforts under impossible conditions.

We heard and noted that even the food supplies paid for by the United States did not reach the intended beneficiaries because of the ever-present graft and corruption at all levels of the civilian and military bureaucracy.

The fact is that the American Presence now, as before, remains a disaster, not only as a result of the wartime devastation, defoliation and displacement of people, but as a continuing financial presence that maintains a Government of military officers that clings to power no matter what the cost to peace, freedom and democratic principles.

I wish every member of Congress, before they vote more funds for President Thieu, could share my experience. The Paris peace agreement was supposed to guarantee the right of self-determination to the Vietnamese people through democratic liberties and elections. It was supposed to provide the honor in my son's death.

It is doing neither.

[From the New York Times, Aug. 19, 1973]

SOUTH VIETNAM'S ECONOMY STILL CLINGS TO U.S. LIFELINE

(By David K. Shipler)

SAIGON, SOUTH VIETNAM, Aug. 18.—More than four months after the departure of the last American troops, the United States remains the most vital lifeline to the military and economic stability of the South Vietnamese Government.

More than half the revenue for the Government's annual budget are provided in cash by the United States. Most of the huge volume of imports are paid for by it.

American economists here have no doubt that if the United States withdrew or if it further curtailed its aid, South Vietnam's already faltering economy would simply collapse.

Nor could the military survive without American help. Eighty per cent of the South Vietnamese Air Force pilots are trained in the United States. All the country's military equipment, weapons and ammunition are provided by the United States (on a one-for-one replacement basis, as permitted by the Paris cease-fire agreement.)

$2.5 BILLION REQUESTED

The overwhelming bulk of American aid continues to be military support, despite the cease-fire and official declarations that South Vietnam is entering an era of postwar reconstruction. The country now has one of the best-equipped air forces and 1.1 million men under arms, the fourth largest military force.

No reversal of American priorities has been proposed. Programs of health care, emergency relief for refugees, education, food for orphans and similar efforts still receive only tiny fragments of the American resources that pour in.

Medical services for civilians—many of whom still suffer from war-related injuries—have been funded with no more than 0.5 per cent of the American aid budget; education has been getting just over 0.1 per cent. In a number of orphanages the United States gives 60 cents a month and surplus food worth $3 for each child.

Of the approximately $2.5-billion requested by the Nixon Administration for South Vietnam during the current fiscal year, about $1.9-billion, or 76 per cent, would be in the form of direct help to the military.

Every bag of rice given by the United States, for example, is paid for by Washington in dollars, then bought by Vietnamese importers in piasters. Eighty per cent of the piasters are then deposited in accounts to be used solely by the South Vietnamese Army, Navy and Air Force. This is known as the Food for Peace program.

The petroleum products, chemicals, machine parts and other goods imported by private companies through the mechanism known as the United States Commercial Import Program go through the same process, with the difference that about a third of the piasters is used for military purposes, American officials say.

Though American aid is decreasing, it is still so pervasive and so heavily oriented toward the military that some of the most outspoken opposition politicians believe that it is keeping President Nguyen Van Thieu in power.

Some of those concerned about the refugees who have too little rice and the hospitals that have too little medicine and the rising tide of joblessness that engulfs the country believe that no reversal of American aid priorities could be accomplished through the Thieu Government.

"It is corrupt regime," said Senator Vu Van Mau, Foreign Minister under President Ngo Dinh Diem and now opposition leader in the Senate. "Everyone steals. U.S. aid cannot be improved without changing the regime."

The priorities of the American and South Vietnamese Governments are roughly parallel. About 53 per cent, or $462-million, of this year's budget is earmarked for the military—most of it being for salaries since weapons from the United States are not reflected in the budget.

The Ministry of Health is receiving 0.9 per cent of the budget this year, according to official figures, and education is getting 6 per cent. The Social Welfare Ministry, which is responsible for caring for civilian war victims, including refugees and orphans, has been granted $2.8-million, or 0.33 per cent.

VAST AREAS OF NEED

Americans who work for humanitarian organizations cite vast areas of need that remain unmet by both the South Vietnamese Government and the United States.

Joyce Horn, an American nurse who runs the Barsky Unit, a Saigon clinic where plastic surgery is performed on burned and mangled children, said in an interview, "You can go into any Vietnamese hospital and see that burns don't receive adequate care."

Like the antipoverty program in the United States, the American aid effort is often frustrated by more than shortages of funds. Government corruption and inefficiency appear so formidable that the private agency CARE, for example, tries to avoid South Vietnamese officials and to distribute its assistance directly.

By contrast, the United States sends food for refugees through the province chiefs, who are military men appointed by President Thieu.

ENDS UP IN THE WAREHOUSE

"I don't like to send it to the province chief," said Robert Trott, director of CARE in Saigon, said in an interview, "because it goes to the province warehouse and it doesn't seem to move any further than the province warehouse."

In the last year or so Washington's aid to Vietnam has begun to follow the path of Washington's aid to the slums in American cities. The original pattern—outsiders coming in to plan the programs and do the work—has given way to an increasing effort to let the people who are being helped do it themselves. This has been accompanied by rhetoric similar to that heard in the ghettos of American cities in the nineteen-sixties.

"Only a tiny part of the American aid reaches the common people," a member of the National Assembly said. Most of the aid through the years has been swallowed up by the generals, the President, by the top officials, and only maybe 1 per cent of the aid reaches the hands of the common people.

Despite the continuing financial support for the Thieu Government, sharp cutbacks in American aid have raised havoc with South Vietnam's economy.

At the height of the war the American military employed thousands of people as drivers, interpreters, servants, secretaries, janitors and laundresses, creating such aberrations in the economy that cabbies made more than college professors and service trades were responsible for 57 per cent of the gross national product in 1972.

At its peak, it is estimated, the military brought $350-million to $400-million into South Vietnam in much the same way that tourists would bring it.

ACUTELY FELT ABSENCE

Now the American absence is felt almost as acutely as the American presence was. That sort of dollar flow has dropped to about $125-million this year and is expected to dwindle to $60-million or $70-million in 1974.

The United States Army, Navy and Air Force still have a number of contracts with private concerns—some employing former military men—to maintain aircraft, electronics equipment and other weaponry. The defense attachés office in Saigon says that Vietnamese technicians are being trained and that foreign contractors are shutting down every day.

Nevertheless, heavy expenditures for such activities are expected to continue for some

time. The United States Air Force alone will spend about $40-million in this fiscal year for contractors to help with aircraft maintenance.

One area where support has not declined appreciably, is that aimed at bolstering the economy, the second largest category after military assistance. The main vehicle is the commercial import program, a device to provide South Vietnam with foreign exchange—in this case dollars—with which to buy foreign goods, mostly for industrial purposes.

The program requires that the goods be purchased in the United States where possible. Washington buys in dollars and local importers pay in piasters, which go not to the United States Government but to the South Vietnamese Government.

The effect is to allow the South Vietnamese to buy foreign goods with their own currency, but the program has by no means eliminated the country's foreign exchange crisis, even though it financed $320-million worth of imports last year.

Foreign currency on hand has plummeted in recent months, prompting economists to warn that severe drops in the living standards were imminent.

One difficulty is that in an economic sense the United States is a weak reed on which to lean since the dollar has lost a good deal of its value on the world market. The United States has been unable to provide enough steel and other commodities through the program, requiring South Vietnam to dip into its dwindling foreign exchange to buy in Japan and elsewhere.

Furthermore, the red tape and slow delivery in the program require Vietnamese manufacturers to keep about a year's inventory on hand. This ties up their money, and since loans carry interest rates of 26 to 30 per cent, the program has the effect of inflating the cost of doing business.

Finally, the program just cannot keep up with need. South Vietnam imported $700-million worth of goods last year and exported only $24-million worth.

An American official remarked: "If they need $700-million and you only give them $350-million the country's going to collapse, just the same as if you didn't give them anything."

[From the New York Times, Nov. 11, 1973]

U.S. FOOD AID HELPS SAIGON'S MILITARY

WASHINGTON, Nov. 10.—The Agriculture Department has announced the second in a new series of food aid grants that will become, in effect, 100 per cent contributions to South Vietnam's military budget.

In the past, South Vietnam and a few other governments receiving aid under the United States food for peace program had been allowed to keep 80 per cent of the sale price of the farm products for use in their military budgets.

On Oct. 19, however, officials announced a new policy for South Vietnam under which 100 per cent of the proceeds of a food aid shipment was given to the Saigon Government for military purposes.

[From the Philadelphia Inquirer, Nov. 6, 1973]

U.S. SHIFT GIVES SAIGON $30 MILLION

(By George McArthur)

SAIGON.—The U.S. government has made an unpublicized change in its aid policy which will give South Vietnam an extra $30 million annually. The money will come from the agricultural program administered under Public Law 480.

In response to a query, an embassy spokesman confirmed Monday that the change was made in early October after a recommendation of American economic officials in Saigon was accepted by Washington.

No explanation was offered as to why the change was not announced publicly at the time it was made.

The spokesman said the extra aid was approved to assist the South Vietnamese government through the severe economic difficulties it is now experiencing. The new aid was designed in part to offset the abrupt dollar loss suffered by South Vietnam with the withdrawal of American troops.

The extra $30 million will result from the release by the United States of South Vietnamese currency it previously received under the P. L. 480 program.

Through the years the U. S. government has received 20 percent of the South Vietnamese piasters generated by the local sale of American agricultural products sold under the P. L. 480 program.

These piasters were used to partly offset American costs in South Vietnam. The remaining 80 percent was used to support the South Vietnamese national budget in varying ways.

By releasing its 20 percent, the U. S. is not simply turning over piasters to the South Vietnamese government. It will now have to use dollars to purchase the same amount of piasters since American piaster expenses have always far exceeded the relatively small amount generated by P.L. 480.

Before the most recent change the United States was purchasing more than $100 million in piasters annually to meet such expenses as rent and payrolls for more than 10,000 South Vietnamese on what is known as "direct hire." Now that figure will jump by the $30 million worth of piasters being surrendered under P.L. 480.

The exact amount of assistance under P.L. 480 is unknown since that annual request is now pending in Congress—along with the regular aid budget request of $450 million.

The final congressional figure is expected to be far below that, and U. S. officials have long been searching for ways to soften the blow.

Among other things, the U.S. embassy is pushing the procurement of military items in South Vietnam—these come under Pentagon dollar expenses rather than civilian aid.

[From the Washington Post, Sept. 2, 1973]

SAIGON MUST NOT CONTINUE TO RELY ON HEAVY U.S. AID

(By D. Gareth Porter)

(NOTE.—Porter is a research associate in Cornell University's International Relations of East Asia project. His monograph, "The Myth of the Bloodbath," published last year, challenged the administration's assumptions about the consequences of a Communist victory in Vietnam.)

Congress is now considering an economic aid program for South Vietnam which would continue to maintain for an indefinite time what one high U.S. official has called the "client relationship" with the Saigon government of Nguyen Van Thieu.

The main purpose of the proposed aid program, which the administration has called a "reconstruction and development" program, is neither reconstruction nor development but the subsidization of Thieu's military-police apparatus. By not only arming and equipping that apparatus but also by paying for most of South Vietnam's budget and artificially maintaining levels of consumption, the United States still refuses to allow the Saigon government to stand or fall on the strength of its support among the Vietnamese people themselves.

The Thieu government remains today essentially a creation of American military intervention in Vietnam. For it is kept in power by a military and a paramilitary control apparatus which the South Vietnamese people never desired and would have been unwilling to finance themselves.

It was in fact the U.S. mission which imposed this political and economic monstrosity on South Vietnam. As the economic counselor to the U.S. embassy, Charles Cooper—the man credited with masterminding economic policy in Vietnam during the war—told me in a 1971 interview, "We've always been in the position here of pushing their expenditures up. We pushed them on pacification, on increasing the army, etc. . . . We were actually satisfying our own ideas. . . ."

As a result the South Vietnamese ground and air forces increased from 216,000 men in 1964 to 1.1 million in 1972; the police force increased from 20,000 men in 1964 to 120,000 in 1972. The official government budget increased from $219 million in 1964 to $856 million in 1972.

INFLATION OR TAXES

In order to finance such a swollen apparatus of control, any independent state would have had to resort to runaway inflation or heavy taxes on the entire population, rich and poor. The taxes required to support this level of military spending only could be raised successfully if the government in question had had reasonably solid support for its anti-Communist war effort—something which the Saigon government has manifestly lacked.

But the Saigon government had an alternative to uncontrolled inflation or burdensome taxation—which was to rely on the U.S. to pay for most of its budget and to prevent any significant drop in living standards by providing massive quantities of imported goods.

The main instrument for preserving the Thieu government's military and paramilitary apparatus while minimizing economic hardship is still the Commodity Import Program, under which the government receives letters of credit which it then sells to the Vietnamese importers for piasters. It uses these aid-generated piasters to pay its budgetary expenditures, and when the goods arrive in Vietnam, the customs taxes collected on them add additional resources for the budget. Meanwhile, Vietnamese are able to purchase imported goods which South Vietnam could not possibly afford with its own minimal foreign exchange reserves: gasoline and parts for motor bikes, fertilizer, cement, sugar and other foodstuffs.

In fiscal year 1974, the Nixon administration has requested $275 million dollars for the Commodity Import Program and is adding a $50 million "development loan" for imports which Thieu can also use to help pay for his military budget. This assistance is estimated by the Agency for International Development to represent roughly one-fourth the living standard of the average Vietnamese.

If the artificially maintained standard of living has neither made the Thieu regime popular nor silenced opposition to the war in the cities, it has nevertheless helped to keep urban discontent at a level which can be controlled through the massive use of police surveillance and terror. Millions of Vietnamese thus have been dissuaded from taking to the streets or to the jungles to overthrow the Saigon regime. There is no doubt in the minds of U.S. officials that Thieu's regime could not have survived the political turmoil which would have occurred without the U.S. subsidization of Saigon's state apparatus and economy.

GRADUAL REDUCTION

Despite administration statements paying lip service to the objective of Saigon's economic independence, the official rationale accompanying the 1974 aid program for Indochina makes clear its intention to continue the client relationship with Saigon indefinitely. Instead of offering a plan for the rapid elimination of American subsidization of the Thieu government the rationale suggests that the import subsidy can only be reduced

"gradually" and that Saigon will "continue to require foreign assistance for the next few years to maintain the flow of goods needed for production, investment and consumption." It does not mention that this flow of goods is also necessary for Thieu to pay for his army and police force.

The army lives off foreign aid rather than relying on the support of its own people, and any attempt to reorient it economically, socially and politically away from the present American style of organization and operation would almost certainly end in disaster. Moreover, for Thieu to demobilize most of his 1.1 million-man army would mean relinquishing a convenient means of political control over them and, indirectly, over their families.

Equally important, the Saigon regime has shown little interest in making domestic taxation its main fiancial basis. For nearly 2 years, American largesse has encouraged Saigon to avoid the taxation of domestic wealth in order to gain more fully the support of those comprising the taxable population. As a result, taxation in Vietnam has been feeble on the one hand and regressive on the other.

The Saigon government has shown an aversion to direct taxation, which must constitute the backbone of any healthy fiscal system, and has focused its efforts instead on the taxation of soft drinks, beer and tobacco products, which fall more heavily on the poor than on the rich and which do not draw on the primary sources of wealth in the country. For many years, well over half the domestic taxes collected by the government came from only nine foreign-owned companies in Saigon which produced beer, soft drinks and tobacco. In 1972, direct taxes brought in only $37 million—4 per cent of total income, including U.S. aid.

There are two simple reasons for Saigon's persistent refusal to tax the real wealth available to it. On the one hand, officials have always feared that such taxation would increase its unpopularity or lose the cooperation of those whose acceptance or support was crucial for pacification and political stability. On the other hand, the readiness of the United States to provide whatever revenues were not obtained through taxation provides a lack of incentive for maximizing tax collections and an incentive for officials to exploit the most lucrative sources of wealth for their own benefit.

TAXING ISN'T POPULAR

The government, unable to appeal either to patriotic sentiment or a commonly shared vision of society, has implicitly admitted its own doubts about the legitimacy of the war effort in the eyes of the Vietnamese people in avoiding direct domestic taxation. When he was prime minister in 1969, Tran Van Huong declared, "If we levy more taxes, the government will be unpopular and the political situation here more unstable."

Willard Sharpe, chief of the economic analysis branch of AID in Saigon, explained fears of reduction in American Commodity Import funds in 1971 by saying, "I don't think the government feels it is strong enough to ask the people to pull in their belts. It's just not popular enough."

Between one-third and one-half of the private wealth of South Vietnam still lies in its agricultural production, primarily in the country's rice bowl, the Mekong Delta. American officials have been pointing to the new prosperity of commercialized farmers in the Delta, thanks to large inputs of fertilizer, new rice strains, and favorable rice prices. But Thieu's pacification strategy in the Delta has been based more or less implicitly on the idea that the government can give the farmers something for nothing, with the help of American generosity.

One of Saigon's bright young American-trained economists, who was then vice minister of agriculture, proudly asserted to me in 1971 that his government collected only a "very nominal tax" on land—less than 200 piasters, or 50 cents, on a hectare of land which brought an average of $180 a year in income, or about one-third of 1 per cent of gross income.

"With our system," he pointed out, "the farmers themselves benefit from land reform. With the Vietcong program, the result is more revenue for the Vietcong." This was precisely the difference between a regime dependent on popular support for its military operations and one dependent on foreign support. As the American tax adviser in Saigon, Paul Maginnis, explained two years ago, "The national government is subsidizing villages and hamlets in order to purchase their loyalty instead of demanding money from them to finance the war effort."

SUBSIDIES INCREASE

While the government collected a token 54 million piasters ($242,000) in agricultural taxes in 1969, it was subsidizing the village budgets in the amount of 2.2 billion piasters ($9.8 million), for both local government operations and village development projects. And while agricultural taxes rose to 3 billion piasters in 1972 ($6.9 million), the subsidy increased even more, to 10.4 billion piasters ($24 million). Whether or not the rural sector of the society will ever contribute more to the budget than it receives in subsidies is thus still open to question.

Political considerations also have kept Saigon from taxing fairly the unsalaried urban middle class which constitutes the most active segment of the U.S.-sponsored political system. The traditional policy toward this stratum has been summed up by one Vietnamese expert on taxation as, "Leave it alone as long as the circumstances permitted." The American budetary subsidies thus far have provided just such circumstances: In February, 1971, President Thieu abruptly called off the work of special tax teams, which were trying to assess fairly the income of the professional and business class in Saigon, after it complained loudly through the press and its representatives in the national assembly. Later in 1971 the building containing Saigon's tax records was blown up. The teams were never revived.

The most important untapped source of wealth in Vietnam, however, are the profits which were generated by the war itself, which long has been the biggest industry by far in the country. Again, the U.S. subsidization of the budget not only encouraged Saigon to avoid taxing the war profiteers but gave officials an incentive to enter into collusion with them at the expense of the government's fiscal health. And more important than the bars, nightclubs, brothels, laundries and other enterprises, which were officially untaxed but generated large incomes for district and province chiefs, was the import business.

From 1965 to 1971, Vietnamese importers were making enormous profits because of the officially overvalued piaster in exchange for the dollar and the rationing of import licenses. In 1970 a secret government report which was obtained by the House Subcommittee on Foreign Operations estimated that these "windfall profits" were running as high as $150 million per year. (An even more detailed study of windfall profits done in 1970 by Dr. Douglas Dacey of the Institute for Defense Analyses on a contract with AID, which carefully estimated the amount of windfall profits each year on the basis of official economic data, was suppressed by the agency before it could be published. Congressional efforts to obtain a copy have been systematically refused.)

REVENUES AFFECTED

These unearned profits were all at the expense of revenues, since they would have remained in Saigon's treasury had the exchange rate kept up with the rate of inflation. Yet according to the Ministry of Finance, the government collected only 100 million piasters ($250,000) in taxes on the 1969 incomes of those importers—an infinitesimal fraction of their illegitimate profits.

The failure of the government to get more tax revenues from war profiteers was caused by the same situation which produced the windfall profits in the first place. Relieved of the necessity to squeeze every bit of revenue possible from the South Vietnamese economy, powerful officials turned the rigged import licensing and foreign exchange system to their own advantage instead of reforming it.

The officials who had power over the distribution of import licenses used it to extract from the recipients a private "tax" in return for the favor. According to business and financial sources in Saigon, including a former high Economics Ministry official who now is in the import business and a Japanese businessman with 7 years' experience in Vietnam as of 1971, importers had to pay 3 per cent of the total value of the license, or 10 piasters on every dollar of goods imported, to the minister of economics, Pham Kim Ngoc, who became known in Saigon circles as "Mister 3 Per Cent." Ngoc was assumed to have divided "taxes" with other top officials of the Thieu regime. The 3 per cent rakeoff, if applied to the total volume of imports, would have netted $23 million in 1970, or 92 times the amount collected from them in the form of income taxes.

Although the threat of drastic reductions in U.S. subsidies to Vietnam finally moved the U.S. mission to insist on an end to the system of overvalued currency and tight controls over licenses, the system had already allowed importers to accumulate hundreds of millions of dollars, virtually none of which ever was used for the budget. The increased but still modest amounts in income tax collection in 1972 from nonsalaried individuals ($7.5 million) and corporations ($19 million) do not begin to scratch the surface of this wealth.

Ending the Commodity Import Program would have the effect of making the government dependent on the support of the South Vietnamese people for the first time in its history. It would then be up to the Vietnamese people themselves (as it should have been all along) to decide whether or how much they are willing to sacrifice in order to maintain the present military and paramilitary apparatus.

To the extent that the population, wealthy or poor, wishes to see the Saigon government survive, they can contribute their share through direct taxes, which Saigon unquestionably has the physical capability to collect. If the government cannot obtain the resources to support the present level of military spending through this means, it will have to reduce its expenditures to the level that it can support.

In any case, the United States no longer should be in the position of artificially maintaining a political and military structure through its assumption of the bulk of its budgetary expenditures and the subsidization of consumption levels.

[From the Los Angeles Times, Dec. 4, 1973]

SAIGON TO KEEP 1.1 MILLION MEN UNDER ARMS—AT U.S. EXPENSE

(By George McArthur)

SAIGON.—The partial demobilization of the South Vietnamese armed forces, which was scheduled to follow the cease-fire, has now been shelved for at least one year. The United States has agreed—reluctantly, some say—to foot the bill.

This will keep 1.1 million men under arms in South Vietnam for at least another year. In principle, the Pentagon has reportedly

agreed to an even longer period of 18 months, but some American officials hope that the South Vietnamese may be won over to some troop cuts before then.

The decision to maintain the war time manpower level was reached in top secret talks conducted within the framework of what is called the Joint Strategic Objectives Program, a subject which American officials will discuss only guardedly.

The Pentagon's agreement to go along—a change in its earlier position—clearly indicates that American officers think the situation in South Vietnam could get worse before it gets better.

Precisely when the Pentagon changed its mind on manpower levels in South Vietnam is unknown. Some sources report it came last September when the continuing North Vietnamese buildup became more glaringly ominous than ever. The South Vietnamese here clearly having second thoughts about that time.

At any rate, the decision was taken several weeks ago and has remained unpublicized. It became evident, however, in discussions of the budget which are now taking place more or less publicly in South Vietnam's legislature. Privately, the decision was confirmed by several ranking military officers.

At the time of the Paris cease-fire agreements in January, both the South Vietnamese and the Americans were in general agreement that the Saigon military structure could and should be trimmed sharply. Studies for the reorganization of the military structure had been made by the Pentagon and the South Vietnamese Joint General Staff.

The South Vietnamese tacitly admitted that the 1.1 million figure was inflated and, in part, artificial. The actual ready-for-duty strength is well below that figure. Among the corrupt practices within the military is the habit of granting some men indefinite furloughs without pay—the pay in question going to the pocket of the commander, or others.

Such practices have grown in the period since the January cease-fire agreements which saw action decline sharply in some areas.

South Vietnam's President Nguyen Van Thieu long ago gave his blessing to some kind of reorganization and attendant troop cuts. Although his view was reported to be considerably less ambitious than the Pentagon's American officials were hopeful of sizable cuts.

Both Washington and Saigon recognized, however, that the South Vietnamese military structure was cumbersome and costly. The 1.1 million manpower level included soldiers, sailors, marines, airmen, police, militiamen, many special units and other oddments—not counting the People's Self-Defense Forces, numbering more than a million youths, old men and draft-deferred fortunates who make up a ragtag guard force. The economic burden of all this was and is a major problem for South Vietnam—and consequently, the United States.

While President Thieu had given his blessing, the onetime general remained his cautious self. He showed no inclination to rush things despite continued American urging.

As late as June, however, he remained amenable to some cuts and the Defense Ministry announced that 47,000 men would be demobilized by the first of the year. These men were mainly over-age and administrative types and the Defense Ministry pointedly said at the time that the 1.1 million level was not affected.

As the fighting began to rise to pre-cease-fire leivels, Thieu and his generals became increasingly reluctant to proceed with more demobilization. Gen. Frederick C. Weyand, the former U.S. commander in Vietnam who is now deputy chief of staff of the Army, visited Vietnam in the fall and reportedly was still pushing troop cuts at that time.

A South Vietnamese source claimed that Weyand was speaking of a whopping cut of some 200,000 men.

That view—whether or not the 200,000 figure is precisely accurate—now has evidently been shelved.

The Pentagon is committed—barring congressional financial restraints—to support the present manpower level through July of 1975. That date coincides with the end of the American government's fiscal year.

In effect, the Pentagon is also committed to finding the money to pay these men since the U.S. government directly and indirectly underwrites all South Vietnamese military expenditures. The South Vietnamese budget is hopelessly out of balance without such help.

The latest budget—now under consideration for the next calendar year—lists about $100 million for salaries of the regular forces. These comprise only about half the overall military structure.

[From the Washington Post, Feb. 4, 1974]

FOOD FOR PEACE, OR FOOD FOR WAR?

(By Jack Anderson)

The Food for Peace program, established to feed the hungry of the world, has been perverted into a Food for War program in Southeast Asia.

This sinister change has been manipulated quietly by the National Security Council. Of the $1 billion worth of food that is shipped abroad for the needy, the council has insisted that almost half should go to bolster the military strength of Cambodia and South Vietnam, according to classified documents.

Elsewhere, the food is sold through regular commercial channels to alleviate shortages and prevent hunger. The United States foots the bill, treating it as a low-interest loan to be repaid over a long period.

But in Cambodia, President Nixon gave the Lon Nol regime special permission to use up to 80 per cent of the proceeds from the sale of American food for "common defense" and "internal security." In South Vietnam, the Thieu regime is permitted to spend a full 100 per cent of the food proceeds on military buildups.

Classified documents show that the President started off this fiscal year with a reasonable request for $30 million to finance Food for Peace shipments to Cambodia. But bit by bit, the White House requests ballooned to $173 million and are likely to go higher.

Even more food aid has been earmarked for South Vietnam, although the jump in the request has been less drastic.

While most food aid to the two embattled countries has been in rice, the documents show that 175,000 metric tons of wheat will be supplied by next July. Yet the wheat shortage at home has pushed up the price of bread to 50 cents a loaf and has forced the United States to import wheat at exorbitant prices.

For years, the Food for Peace program, along with the Peace Corps, has won friends for the United States among the world's poor. We have seen burlap bags of grain and boxes of cereal, with big "USA" markings, going into impoverished villages.

But in the besieged Cambodian capital of Phnom Penh, one of our informants witnessed a different scene, not far from a camp where hundreds of refugees complained of food shortages. He counted 50 trucks filled with bags of U.S. rice lined up outside a military warehouse. Instead of feeding the starving refugees, it was going for army rations.

[From the New York Times, Dec. 7, 1973]

VIETNAM BUDGET: BETWEEN THE LINES

(By Gabriel Kolko)

TORONTO.—The Senate Armed Services Committee and House Appropriations Committee hearings on the Pentagon budget until July 1974 are now out, and the traditionally diligent censors released alarming new information on the Nixon Administration's plans for Indochina.

The facts shatter its claims to have ended the Vietnam war, much less to bear no responsibility for the Thieu Government's violations of the Paris Agreements. And if the Administration implements all the contingencies for which the Pentagon has budgeted, as it often did in the past, at the very least it has assured that the existing bloody conflict will drag on—and the worst we can expect is an escalation to direct U.S. participation in the air war.

Last Aug. 1 a Pentagon spokesman disclosed to the House that it had put aside $275 million for the direct use of U.S. airpower, including B-52's, through June 1974. Bombing in Cambodia until the Aug. 15 cutoff consumed $50 million, but the rest was "to keep the area established," and the censor "sanitized" out the number of possible sorties.

The Senate hearings, however, contain the air war cost data that allow anyone to estimate the missing information quite accurately: $225 million will buy about 120,000 bombs delivered by 3,800 B-52 and 16,700 fighter-bomber sorties—an amount far in excess of 1965 air munitions. Meanwhile, the Pentagon budgeted the Seventh Fleet to keep 77 ships and 331 aircraft in Southeast Asia as part of the "less than 250,000 men" now remaining in the East Asia-Pacific area.

The hearings also contain much new data on "civilian advisers." Contrary to far lower Pentagon claims at the time, as of last March 31 there were 8,003 American civilians in Vietnam, and 8,100 are projected to be there at the end of this year. In addition, an undisclosed number of non-Vietnamese foreigners on the Pentagon payroll until mid-1973, a group that has declined only slightly since, provide 11,337 "man-years." "I could not put any termination date on it," then Secretary of Defense Richardson confessed when queried about all these advisers, but estimates of three to five years were later mentioned despite the fact the exact date remains classified. But contracts for such services increased $63 million in two months to $18 million last May 31.

Meanwhile, President Thieu's army is now scheduled to spend an annual $277 million on munitions, "a continuation of the level of recent consumption" that the Pentagon's officials on Aug. 3 assured the House they fully controlled. That sum will buy nearly 140,000 tons of explosives.

The cost of Saigon and Laotian forces to the U.S. this year will come to $1.8 billion in *outlays*, one-third more than the Nixon Administration asked Congress to appropriate. The balance will be taken from earlier unexpended budgets, and the total will include 71 F-5E aircraft for Thieu's aviators. This plane, which the Administration insists is legal under the replacement proviso in the Paris Agreement, nevertheless costs over twice as much as the earlier model and is far more advanced.

Full Southeast Asia outlays for the U.S. this fiscal year, including *only* military costs for itself and its three dependents, will amount to $4.6 billion should the Congress approve the Pentagon's requests. And what Congress will not appropriate for Indochina, provisos such as Section 735 of the 1973 Defense Appropriation Act allow the Pentagon itself to determine when the "national interest" requires shifting additional funds to

the war. In 1973 it obtained $492 million in this manner.

Last September, when Western journalists confirmed that Saigon was using its vast supply of arms to initiate the current upsurge of fighting in Vietnam, the danger of renewed U.S. air war increased as well. If American men are also called upon to utilize the contingency plans and equipment the Nixon Administration has in place, then our worst fears will come to pass.

[From the Washington Post, Apr. 1, 1973]

6,000 AMERICANS IN SPORT SHIRTS SUPPORT SAIGON'S ARMY

SAIGON, March 31.—Thousands of U.S. civilians remain in Vietnam exercising military-related skills, their operations masked by official secrecy and confusion.

The green, blue and khaki U.S. military uniforms have gone, making the men in grey coveralls and sportshirts all the more noticeable around South Vietnam's military bases and civilian bars.

Official U.S. advisers are prohibited by the Paris accords. As far as can be determined, however, 6,000 to 7,000 American civilians—many recently in military service—are directly or indirectly supporting South Vietnam's million-man military machine. That is about 2,000 more than the figure at the end of last year, although no precise official statistics are available.

Exactly how many are here? What are they doing that they weren't doing before the Jan. 28 cease-fire?

Civilian contractors refer queries like that to the U.S. Defense Attache Office, successor to the U.S. Military Command—and the Defense Attache Office says it doesn't know the answer.

Most of the civilians are employed by a dozen major and more than 100 minor contractors. Ostensibly, their main job is teaching, mainly mechanical and electronic skills. But some are reported to be actually maintaining aircraft and communications gear.

About 800 are assigned to the Defense Attache Office, which has an allotment for 400 more civilians, along with its 50 military personnel. It has taken over the former U.S. Command headquarters at Tansonnhut air base Saigon.

The command's old "far room" has become the "readiness room," and is no more accessible than it was before the military pullout. No details are divulged of what goes on inside.

The spokeswoman for the Defense Attache Office, Ann Bottorff, said the office's business includes overseeing the performance of contractors, eventually turning over contractor equipment—most of it formerly owned by the U.S. military—to the South Vietnamese, disposing of U.S. property, running the one-for-one replacement of war material allowed under the Paris peace accord and developing Vietnamese self-sufficiency.

An undisclosed number of the office's civilian personnel have military backgrounds. But Mrs. Bottorff said the Pentagon is hiring nobody who is less than three years out of uniform, except under waivers granted only in extraordinary circumstances.

She acknowledged that some will, in effect, be giving advice to the South Vietnamese on military matters, but "in the technical assistance sense, not in the adviser sense."

Defense Attache Office civilians "will not accompany combat forces into the field," Mrs. Bottorff said, and they will operate either at headquarters "or comparable places."

Such guidelines do not restrict civilians much more than most U.S. military advisers were restricted during the last six months or so of their presence here. They were under orders to avoid getting caught in combat situations.

"We're really making our rules as we go along," she said.

About 5,300 U.S. civilians are working on $243 million in U.S. Defense Department contracts in Vietnam, she said. A ceiling of 5,500 such employees was established during the Paris negotiations. The U.S. embassy says U.S. employees of civilian contractors number fewer than 6,000.

An official of Lear Siegler, Inc., which has aircraft maintenance functions among other things, referred a question to the Defense Attache Office, saying he did not want to give a figure "because they might come out with another one."

The Vietcong alleged Saturday that 17,000 U.S. military personnel remain in South Vietnam disguised as civilians. No evidence is available to support that assertion.

The U.S. embassy estimates the total U.S. civilian population in South Vietnam at 9,000 to 9,500, including children and tourists. Officials have noted that the peak number of U.S. civilian contract workers in the country was 14,000 four years ago.

The contractors require skills that by nature almost have to be acquired during recent military service. Lear Siegler has advertised in Vietnam and the United States for aircraft crew chiefs, mechanics and technicians for sophisticated electronic gear. One widespread complaint in the last half-year has been of too little military experience among contract employees, not of too much.

[From the Los Angeles Times, Feb. 16, 1974]

FOOD FOR PEACE FOSTERS WAR, SENATOR SAYS

MARSHALLTOWN, IOWA.—Sen. Harold E. Hughes (D-Iowa) said Friday that "the Food for Peace program is being twisted into a food-for-war program."

He said that 44% of the program's funds "will be channeled into just two countries—Cambodia and South Vietnam."

Speaking at a dinner in his honor, the senator cited news reports that much of the U.S. rice sent in the program is destined for soldiers' rations rather than refugees' meals.

"If past practice continues," Hughes said, "the money gained from any sales of these commodities will be turned right over into pay for troops. This means that we will be padding our military aid to South Vietnam by 27% and to Cambodia by 45%."

He said the Nixon Administration decided secretly in the last few months to double the share of Food for Peace aid to those two countries.

"While these military-related programs have been soaring, the amounts available for humanitarian efforts by voluntary agencies such as CORE and church-sponsored relief programs have been cut back. More people are starving, but 20 million fewer people are being helped than two years ago," Hughes said.

He said Congress has delayed until fiscal 1975 a change in the Food for Peace law to end its use for military purposes.

"We must not let this program be twisted into just another way to promote wars," he added.

[From the New York Times, Jan. 28, 1974]

DATA ON U.S. ARMS FOR SAIGON GIVEN—SUPPLY SINCE TRUCE PUT AT 75 PERCENT OF PREVIOUS YEAR'S

(By David K. Shipler)

SAIGON, SOUTH VIETNAM, Jan. 27.—Official American figures show that since the cease-fire agreements were signed a year ago, the United States has provided South Vietnam with approximately $284.7-million worth of weapons and ammunition.

This figure is roughly 75 per cent of the level at which armaments were supplied to the South Vietnamese in 1972, a year that saw extremely heavy fighting during the spring Communist offensive.

According to a spokesman for the United States Embassy in Saigon, by far the greatest part of the total last year—about $276-million — went for ammunition, including bombs, rockets, artillery shells, grenades, small-arms ammunition and the like.

The remaining $8.7-million was spent on weapons and equipment such as aircraft, tanks and artillery pieces.

NO ACCORD ON INSPECTION

American officials insist that the United States is faithfully observing the Paris cease-fire agreement, which permits only "periodic replacements of armaments, munitions and war material which have been destroyed, damaged, worn out or used up after the cease-fire, on the basis of piece-for-piece, of the same characteristics and properties."

However, no independent verification of this has been possible because of the inability of the two-party Joint Military Commission and the International Commission of Control and Supervision to agree on a method of inspection.

There are no indications that the United States has placed strict ceilings on expenditures for ammunition or has rationed the resupply of weapons as a way of restraining the South Vietnamese from making attacks and violating the cease-fire.

On the contrary, according to reports from Washington, the American Ambassador to Saigon, Graham A. Martin, has asked for additional new equipment for South Vietnam.

One item that is expected in the near future is the F-5E, a jet fighter plane that is faster, more maneuverable and capable of carrying more bombs than the F-5 now used by the South Vietnamese Air Force.

American officials contend that the new plane does not violate the Paris agreements' requirement that replacements be "of the same characteristics and properties."

SAIGON ACCUSED OF ATTACKS

The South Vietnamese Air Force has been accused by the Vietcong of conducting intensive air strikes against military positions and towns and villages controlled by the Communists. The Government has termed the attacks defensive.

In any case, American officials say they make no effort to differentiate between weapons lost and ammunition used in offensive actions as against defensive actions, since it is impossible to determine without being on the scene.

The result is that the South Vietnamese generally get what they ask for, with a few exceptions. Some high South Vietnamese military officials have been grumbling about restrictions on jet fuel. And a few tanks, reported destroyed last spring, were found to have been repaired, and therefore were not replaced, the Americans say.

The total figures on armament resupply since the ceasefire had not been made public before, and were provided this time only after American officials were repeatedly questioned by The New York Times over a period of two weeks.

At first, officials said the figures had been given a restrictive classification by the South Vietnamese military because, it was feared, "they would be useful to the enemy."

DATA ON AMMUNITION RESTRICTED

When pressed, officials decided that an over-all dollar amount could be made public, but they would not say how many rounds of any specific kind of ammunition had been resupplied in the year following the Paris agreement.

In early October, American officials released some information on resupply, but excluded the South Vietnamese Army, which uses the overwhelming bulk of the ammunition from the United States. Officials said the South Vietnamese Army had put the figures in a restricted category.

Figures for the navy and air force showed that during the first six months after the cease-fire the United States gave the South Vietnamese 142,000 bombs, rockets and flares, 13.8 million rounds of small-arms ammunition and 8,200 rounds of ammuniton for large naval guns. The total cost was put at $2.7 million.

The money spent on ammunition and weapons accounts for only a part of the total military aid to South Vietnam, which this fiscal year is budgeted at $813 million. Most of the rest, officials say, goes for fuel, clothing for uniforms, C-rations, spare parts and the salaries of American civilians employed in maintenance jobs here.

Another statistic was issued today. According to the South Vietnamese military command, in the year since the signing of the Paris agreements, 60,984 Vietnamese have died in combat. Of these, 13,778 were listed as Government soldiers, 45,057 were listed as Communist troops and 2,159 were civilians.

[From the Washington Post, Feb. 4, 1974]

WHAT ARE WE UNDERWRITING IN VIETNAM?

In the first year after the signing of the celebrated Vietnam cease-fire agreement of January 1973, there was good reason for Congress and most of the rest of us to hail America's disengagement from combat, to cheer the return of the POWs, to accept routinley the high cost of continuing military and economic aid to the Thieu government, and more or less to turn a blind eye to the fact that there was in fact no cease-fire and no perceptible progress toward a permanent peace. Soothingly, we were told that you couldn't expect the shooting to stop overnight, but that the foundations of a "structure for peace" were in place, and that the business of building upon this structure to produce elections and a division of territory and a sharing of political power was only a matter of time. With a year's experience, however, it is now clear that it hasn't worked out that way. (Well over 50,000 Vietnamese have reportedly been killed in combat during this "cease-fire" so far.) Worse, there is precious little prospect that it will. So it is not only appropriate but urgent for the Congress and the public to force their attention back to Vietnam. And the new budget, with its provision for continuing heavy military and economic aid for the Saigon government, offers a powerful argument as well as an opportunity for doing so.

In his State of the Union address, the President spoke witheringly of those who would abandon the South Vietnamese by abruptly shutting off all our aid—as if the issue was as simple as that. Of course, it is not. Most people, we suspect, are fully aware of this country's obligation to continue helping Saigon defend itself against flagrant violations of the cease-fire by the North Vietnamese; larger American policy interests over at least a decade and a half, after all, had a lot to do with creating Saigon's heavy dependence on our continuing patronage. But the real issue is much more complex, for it has to do with who is really responsible for the breakdown of the cease-fire. It has also to do with whether our aid, in conjunction with our diplomacy, is working to improve the chances of real peace in Indochina, or whether it is in fact working toward perpetuation of a vicious, costly war by discouraging the kinds of concessions on both sides that might bring about a genuine settlement.

We do not profess to have the answers—and that is just the point. Nobody in Washington seems to have the answers—or even particularly to care. For the past year, the general tendency has been to blame both sides for the myriad violations if not to ignore them; to cancel off these violations against each other; and to conclude somewhat cynically that this is the natural or inevitable or *Vietnamese* way of resolving conflicts. There is, moreover, the formidable difficulty of finding the facts. With their supreme interests at stake, both Vietnamese sides have had powerful incentives to highlight their own observances of the agreement and to hide their own violations. Field conditions limit the capacity of objective observers, such as journalists, to judge for themselves.

All this gives no reason, however, to avoid trying to get at the facts. For it should be understood that avoiding the question of which side is chiefly responsible for the collapse of the agreement is answering the question to the benefit of President Thieu. Time and again, administration figures have drawn public attention to the alleged violations of Hanoi and the Provisional Revolutionary Government (Vietcong). The imminence of a big Communist offensive has been built up as a special bugaboo, while the open threats of some sort of pre-emptive strike by the South, as well as the plain evidence of provocations by the Saigon government, have been presented to us as no more than legitimate acts of self-defense. To this have been added regular and wholly unrealistic suggestions of American re-entry into the war, including the possibility of renewed bombing of the North.

We have been down this road before and we should know by now where it leads—to blind and unquestioning support of a Saigon government lulled into a false sense of security by our aid, with no real capability to defend itself, by itself, and with no incentive to yield up anything for the sake of a compromise settlement. From this, one can safely project an open-ended conflict between the two Vietnams. True, it is largely *their* war now, which is a lot better than it being largely our war, as it was for seven agonizing years. But we are nonetheless subsidizing a substantial part of it. Thus, it seems only reasonable for the two sets of armed forces and foreign relations committees in both houses of Congress to conduct a searching inquiry into the administration's current Vietnam policy. For this country has a moral as well as a political commitment to the objective of a cease-fire and an ultimate Vietnamese settlement which the administration so proudly proclaimed to be very nearly accomplished facts a year ago. And the American public has a right to know whether, and how, this objective is being served by our continuing aid to South Vietnam. We would not argue that the answer turns entirely on what this country does or doesn't do for President Thieu. Part of the answer obviously must come from Hanoi. Part of it also depends on the efficacy and validity of that larger "structure for peace," reaching from Moscow and Peking to Washington, of which the President had made so much. But a big part of the answer, nonetheless depends upon Saigon. So we think that before Congress approves more billions for President Thieu, it ought to try to find out whether the easy availability of this subsidy may not be prolonging an intensified Vietnam war by consolidating a militant, recalcitrant and repressive regime in Saigon. For there is at least some reason to believe that a more selective and judicious application—or denial—of this money could make it work to far better effect as an integral part of a wider diplomatic effort to bring about something more nearly resembling a Vietnam peace.

[From the Baltimore Sun, Nov. 28, 1973]

VIETNAM HALF WAR, HALF PEACE FOR AMERICANS WHO REMAIN

(By Matthew J. Seiden)

SAIGON.—Eight months after the last GI's went home, the United States government continues to maintain a massive American civilian operation here.

The American presence ranges from the United States postal office, bus line, movies and supermarket in Saigon to the pine-paneled "compound" that houses at least one American official in virtually each of 46 provinces.

American mission guards patrol with South Vietnamese police in American station wagons in Saigon, officially "for the protection of American civilians."

A steady stream of American "contract" workers can be seen filing in to work every morning through the gates of any of South Vietnam's big military installations.

Although the North Vietnamese have claimed that this extensive civilian presence is used for military and police objectives, the U.S. Embassy here insists that the entire operation is conducted for purely peaceful purposes, within the limits of the Paris agreement.

ACTUAL SITUATION

The actual situation appears to lie somewhere between the claims of the two governments.

There is no question that the basic nature of the American presence has changed dramatically since the days when more than a half-million U.S. troops were fighting here.

Nevertheless, many of the thousands of civilians who replaced the troops are now apparently engaged in war-related jobs—often doing work that was previously done by soldiers.

The U.S. Embassy says this is why the number of Defense Department civilian employees nearly doubled as the GI's left in 1972 and 1973.

Maintaining and repairing military equipment, training South Vietnamese technicians, and gathering military intelligence are some of the jobs now done by civilians, according to a U.S. Embassy spokesman.

The embassy spokesman says government employees do not act as military advisers since this is forbidden by the Paris agreement.

However, some U.S. officials have privately admitted to offering military advice "when they [South Vietnamese officers] ask for it."

According to American figures, there were nearly 6,000 American civilians working directly or indirectly for the U.S. government at last count, in June 1973.

The U.S. government also employs thousands of Vietnamese, Philippine, South Korean and other foreign civilians not included in this figure.

Nearly 2,000 of the Americans work directly for the U.S. government in Vietnam. More than half of these employees work for the Department of Defense. The others are divided among the United States Agency for International Development (USAID), the State Department and a half-dozen other U.S. government agencies, including the Central Intelligence Agency (CIA).

U.S. EMBASSY

The nerve center for the government civilian network is the U.S. Embassy in Saigon—A dazzling, white structure rivaled in size and splendor only by the Presidential Palace, which is on the same street.

There are many other American government buildings in Saigon, including an embassy "annex," and two USAID buildings, known as "USAID I" and "USAID II."

In each of the country's four main mili-

tary regions, the U.S. government also maintains a 50-man consulate—bigger, busier, and better-staffed than any South Vietnamese government building in the town.

Beyond that, there is an "American compound" in even the most remote and sparsely populated of South Vietnam's 46 provincial capitals.

Once the headquarters of the U.S. military advisers, these prefabricated, pine-paneled, suburban-like structures now house at least one USAID or State Department official.

It is difficult to determine exactly what all these government employees do.

Officially, they are here to "monitor" the distribution of U.S. funds and other kinds of aid, as well as to "advise" the South Vietnamese government on nonmilitary matters.

"After all the time and money we've sunk in this place, it would be pretty stupid to just walk off without at least keeping an eye on what's going on here," one American official explained.

"Keeping an eye on what's going on" in many cases means reporting on the political and military situation. This is done in a series of monthly, classified reports from each province. These reports are prepared by USAID as well as embassy employees.

Aside from the 2,000 direct government employees, there are 4,000 more American civilians working for companies under contract to the U.S. government. These civilians are known here as "the contractors."

Often retired military men with military-related skills, the contractors can be seen during the day, usually dressed in overalls or paramilitary safari suits, flying planes, driving trucks and entering and leaving South Vietnamese military bases.

GO TO THE MOVIES

At night they go to the American movies shown by the American government, or frequent the bars where the GI's once hung out.

The U.S. Embassy says most of the contracts are for "maintaining and repairing" complicated equipment—ranging from helicopters to radar stations.

Some of the contracts are obvious. Air America provides transportation for U.S. Embassy, USAID and other American government employees.

Pacific Architects and Engineers runs the Defense Department commissary—a government-subsidized supermarket that sells American food at less than American prices, despite the cost of air shipping.

However, there are a dozen major and more than a hundred minor firms working here. Many send American civilian "technicians" to work every day in closely guarded military installations around the country.

[From the New York Times, Jan. 28, 1974]

ONE YEAR AFTER THE PARIS ACCORD

(By Frances FitzGerald)

(NOTE.—Frances FitzGerald is author of "Fire in the Lake: The Vietnamese and the Americans in Vietnam.")

CAMBRIDGE, MASS.—A year ago yesterday the United States signed the Paris Agreement on Ending the War and Restoring Peace in Vietnam. Since then the number of combat deaths in Vietnam has reached far above 50,000, or to about the level it reached in 1966, an "average" year in the war. Only the circumstances of these deaths has changed.

Whereas a year ago Vietnamese were dying in military operations, they are dying today in cease-fire violations. According to Richard M. Nixon they are dying not to win the war but to win the peace in South Vietnam. From these facts many might draw the conclusion that the peace agreement accomplished nothing, that it changed nothing in the history of the Vietnam war. They would be wrong.

Last Christmas was the first in twelve years that the United States was not bombing Indochina or maintaining American ground troops in Vietnam. Furthermore, the other events in Vietnam this last year did not duplicate those of the year before. They were repetitions of events much further back in history.

Take any recent news reports—President Nguyen Van Thieu declares he will not hold a national election as the peace accord specifies, tracts given to South Vietnamese peasants revert to former landlords, military-intelligence analysts fear foe will cut country in half. You will not find a similar report since 1956 or 1964. It is just that there is a certain symmetry to the war, a symmetry that extends beyond the period of American troop engagement to the beginning of the American intervention in Vietnam.

The United States has been actively engaged in a war against Communism in Indochina since 1950. As the history books for American children unborn at the time now show, the policy has been perfectly consistent; only the means have changed. In 1950–54 the Eisenhower Administration paid up to 80 per cent of the French colonial war. After the French defeat, the Administration created and financed a regime in South Vietnam that would contravene the Geneva Accords by refusing to hold national elections and by building an army to compete with that in the North.

When the southern guerrillas came near to defeating this regime on their own, the United States introduced counterinsurgency teams and helicopter squadrons; in 1964, just after Congressional passage of the Tonkin Gulf resolution, the United States began to bomb North Vietnam and a few months later to send regular American forces in to the South. Four years later, in the wake of the Tet offensive, Lyndon B. Johnson ended the troop build-up; he did not, however, change the policy of pursuing the war in Vietnam.

For Mr. Johnson, and later Mr. Nixon, the means became known as Vietnamization—the slow withdrawal of American troops combined with a further build-up of the Saigon Government's Army and the increased use of American firepower. The period of American withdrawal ended with the peace agreement; it took four and a half years to accomplish, or slightly longer than the build-up, and in the first three years of the Nixon Administration it cost the lives of 20,000 Americans and some half a million Vietnamese.

Since then the Nixon Administration has been carrying on the war in the traditional way, by proxy. Last year it spent $3 billion in support of a military regime that resists any form of political settlement as specified in the peace accords.

The history books for children recount most of this story, but they do not answer the question of why the United States pursued this policy for so long. As the intelligence documents in the Pentagon Papers show, neither Dwight D. Eisenhower, John F. Kennedy nor Mr. Johnson could have had any confidence of winning the war with the measures they were using.

In 1961, for example, Robert S. McNamara, then Secretary of Defense, questioned the value of sending a token American force to Vietnam, warning, "We would be almost certain to get increasingly mired down in an inconclusive struggle." A few months later the Kennedy Administration sent just such a token force and publicly predicted success for it, suggesting that no further measures would be necessary.

In his analysis of the Pentagon Papers, in an essay called "The Quagmire Myth and the Stalemate Machine," Daniel Ellsberg addresses the question of why three Administrations concealed their most realistic estimates and continued to step up the war on that basis. His answer, to put it briefly, is that even though all three Presidents strongly suspected that the war could not be won, they also strongly suspected they could not politically survive the "loss" of Saigon or a land war in Asia during their Administrations. Their solution, therefore, was to maintain the stalemate as cheaply as possible while hoping for a miracle. And if the miracle did not occur, they could pass the problem on to their successors. Mr. Johnson's misfortune was that he occupied the White House at a time when the guerrilla war had reached such a peak that he could not maintain the Government in Saigon without committing American troops. Mr. Nixon, by contrast, came to the Presidency after the crisis had passed.

The Ellsberg theory is, I think, sound. But today we have no need of theory in order to predict the future course of the war under a Nixon Presidency. Mr. Nixon has already made that course perfectly clear by his actions in Indochina over the last six years. Elected at the height of the peace movement and over Vice President Hubert H. Humphrey whose Administration had been discredited by the war, Mr. Nixon had the option of disavowing the Johnson war policy and making peace in Vietnam. He did not do so. Instead, he chose to maintain the stalemate at a price far higher than any other President had paid.

Militarily the cost included the invasion of Cambodia and the beginning of a destructive, long-term war in that country, the invasion of Laos, the secret bombing of North Vietnam and Cambodia, the mining of North Vietnamese harbors and inland waterways and the terror bombing of Hanoi in Christmas, 1972. But these actions were only the most spectacular of his military measures. Equally important was the sustained bombing of three countries, the destruction of two or three national economies, the uprooting of several million Indochinese and the building of an army that, statistically speaking, drafts all able-bodied South Vietnamese men for the duration of the war.

These measures, taken before the cease-fire, have had an important impact on the military situation in Vietnam, but they have not meant victory for the United States. In the Paris agreement the United States had to accept what it refused to acknowledge in the Geneva Accords of 1954: the principle of unity and territorial integrity of all of Vietnam and the presence of North Vietnamese troops in the South.

Mr. Nixon's measures have not insured a stable situation—a permanent stalemate, as it were—because the Saigon Government, while larger than before, remains what it always was: a parasite that lives on what one Frenchman called *la densité de la pourriture* (the density of corruption). President Thieu's control over South Vietnamese (even in the absence of the Northern troops) rests on his ability to maintain American aid at a level at which he can keep the majority of the population in the army, the jails, the cities and the refugee camps. While American military and Central Intelligence Agency analysts predict a North Vietnamese offensive and propose more military aid for Saigon, President Thieu is actively trying to realize that prediction and that aid by calling for an invasion of North Vietnamese and Provisional Revolutionary Government base areas in the South.

What Mr. Nixon has done is to create a stalemate that may last until the end of his term and whose preservation may well require the renewal of American bombing in the South. What he has done is to bring the United States full circle to the same moment of decision in which the Tonkin Gulf resolution was passed in 1964.

One difference is that now the war is a decade older, and three countries have been partly destroyed. The other difference is that because the American public will not permit the reintroduction of American ground troops, Mr. Nixon and his advisers know precisely what the final outcome will be. They support the war in perfect cynicism. After the visit to Peking they have no ideological pretext, much less a justification for that support. Over the last six years about a million Indochinese have died for the prestige of two men. A lot more will die if the American public continues to pay the war no more attention than it did in 1964.

[From the New Republic, Jan. 5 and 12, 1974]

VIETNAM BUILD-UP

(By Stanley Karnow)

In Saigon one day back in the early 1960s I was drinking with a US army information officer at a dockside cafe when I noticed, coming into sight down the river, a huge US aircraft carrier laden with helicopters. The Kennedy administration was pretending at the time to be observing the Geneva agreement's ban on shipping military equipment to Vietnam, and, although everyone knew that the pledge was being violated, I pointed to the aircraft carrier as a rather blatant transgression of the accord. The officer stared at the vessel, now growing larger as it approached, and replied placidly: "I don't see any aircraft carrier."

Under the terms of the cease-fire agreement signed in Paris last January, the Nixon administration pledged to provide the South Vietnamese regime only with "periodic replacements of armaments, munitions and war material . . . on the basis of piece-for-piece," these shipments to be theoretically monitored by the Saigon government and Vietcong representatives on the Joint Military Commission and the Indonesian, Iranian, Polish and Hungarian members of the International Commission of Control and Supervision. But US officials, like my dockside drinking companion of more than a decade ago, currently refuse to disclose what military hardware the administration is actually sending to Vietnam.

Recent attempts by journalists including myself to obtain official information on the extent of the US supply effort to Vietnam have been rebuffed by both the State and Defense Departments, and members of Congress have met with the same obstacle, even though such details are supposed to be public. A few weeks ago, for example, the Pentagon rejected a request for information from Rep. Les Aspin of Wisconsin on the grounds that it is "classified and unauthorized disclosure would be injurious" to South Vietnamese President Nguyen Van Thieu's government. The letter of rejection, signed by Assistant Secretary of Defense John O. Marsh Jr., said that the information had been given to the Armed Services Committee. A check with the committee revealed, however, that it had received no such information.

Bits of evidence from assorted sources suggest that an enormous flow of military equipment is still pouring into Vietnam despite the President's assertion "peace with honor" has been reached there. One reason that the administration has fought to continue subsidizing its Vietnam operations through the special Military Assistance Service Fund rather than through regular channels is, as former Pentagon Counsel J. Fred Buzhardt admitted in a letter to Budget Director Roy Ash last spring, to make the expenditures "less visible" by spreading them "through the various Defense Department accounts." Starting in May 1972, as the possibility of a cease-fire was anticipated, the administration launched Project Enhance, under which the South Vietnamese were delivered large quantities of airplanes and helicopters, tanks, armored cars, naval craft and, besides personnel weapons, such sophisticated hardware as the TOW antitank missile. Six months later, after Henry Kissinger announced that "peace is at hand," the administration initiated Project Enhance Plus, an accelerated quarter-billion dollar program under which Thieu was given additional equipment, including more aircraft than he could use. The purpose of these intensive programs was to lay down the foundation for "piece-for-piece" replacements, but, it appears, supplies are being sent to Vietnam without regard for the levels set by the Paris agreement. For instance, the administration is currently planning to replace Saigon's F-5As with F-5Es, a superior model that might have been designated differently had not the Pentagon considered it expedient to camouflage the airplane with a similar number. The Air Force has also been asking for increased supplies of bombs for Southeast Asia. It recently requested $35.5 million for 38,359 CBU-52 cluster bombs, 9400 more than it purchased this year, and $24.6 million for 36,000 CBU-52 2000-pound bombs, 16,750 more than it required in 1973. When Rep. John McFall of California noted during House appropriations hearings in September that "we are replenishing war reserves at a faster rate of procurement" than during the Vietnam conflict. Air Force General Jonas Blank answered in Pentagon jargon that the objective is "to protect a Southeast Asia contingency capability that we had not previously planned."

Meanwhile, some administration military spokesmen have been issuing tough statements amid reports that the North Vietnamese may be preparing to step up the fighting in Vietnam. On August 17, two days after the US bombing of Cambodia stopped as the result of a congressional amendment ordering an end to American air activites throughout Indochina, Defense Secretary James Schlesinger warned Hanoi that the administration would support South Vietnamese forces from the air "in the event of overt North Vietnamese aggression." Echoing that threat on November 1, the commander of the US forces in Thailand, General John Vogt, said that "now that we're not actually dropping bombs, we must maintain our capability to resume such action if we have to."

Kissinger has promised to advise Congress before any new military moves are undertaken in Vietnam. It is difficult to forecast how Congress might react. Some senators say that they would bar the use of US forces; others argue that their decision would depend on the situation. Most significantly, though, neither Congress nor the public knows how close we are to returning to Vietnam, and, in that respect, we recall the days when we were sending aircraft carriers up the Saigon river and claiming them to be invisible.

CONGRESSMAN BLATNIK WILL BE MISSED IN HIS RETIREMENT

Mr. HUMPHREY. Mr. President, history has a way of shrinking to proper size the episodes which capture the public's attention for a fleeting moment. And it has a way of raising to proper size the acts of wisdom, of vision, and of courage.

On February 11, 1974, after 34 years of public service—28 of which were served in the U.S. House of Representatives—Congressman JOHN A. BLATNIK of Minnesota announced his decision not to seek reelection. As a Minnesotan, a fellow Democrat, and a colleague of JOHN'S, I know that we need not—and must not—wait for history to put JOHN BLATNIK'S career in perspective and determine its worth. His career has not been one of sensational headlines and rhetoric. It has been one of steady, conscientious, dependable service to his district, his State and his country—service which is reflected in the political, economic, social and personal well-being of his constituents and our country.

JOHN BLATNIK was elected to the Minnesota State Senate in 1941, where he was the author of the Taconite Act which laid the base for solid, sustained economic growth for Minnesota's Iron Range. In 1946, State Senator BLATNIK was elected to serve his Iron Range constituents and the entire Eighth Congressional District in the U.S. House of Representatives. As geographical boundaries of the Eighth District have changed over the years—the district now covers the eastern half of the State and runs from the Canadian border to the suburbs of the Twin Cities, of Minneapolis and St. Paul—BLATNIK'S attention to his constituents' problems, regional economic concerns, and environmental causes also changed and grew.

Perhaps the most significant measure of an individual's service are the projects and causes with which he identifies himself publicly. Among those achievements of which Congressman BLATNIK feels most proud are his efforts for the St. Lawrence Seaway, an extended navigation season for the Great Lakes, the Voyageurs National Park, the Grand Portage National Monument, protection of the Boundary Waters Canoe Area, the Federal water pollution control program, the National Water Quality Laboratory in Duluth, the Federal-aid highway program, and the area redevelopment and community facilities program.

But while JOHN BLATNIK'S service is a matter of record in public law—and this is by no means a complete account of his career in Congress—I would be remiss in not mentioning his effective service as chairman of the House Public Works Committee. To recite the areas of jurisdiction of this committee—all federally-aided highway programs; Water Resource Management; Disaster Relief; Economic Development programs; and Public Buildings and Grounds—is to recite great responsibility and service. And JOHN assumed that responsibility and responded with exceptional service.

JOHN'S career of public service has earned him widespread recognition and praise. Several awards and honors in the field of conservation and environmental protection, to which he has devoted so much attention, deserve mention. In 1967, he received the Bernard Baruch Prize for Outstanding Contributions to the Field of Conservation; in 1969, the Great Lakes Commission Water Commission and Management Award; in 1970, the Minnesota Izaak Walton League State Conservation Award; and in 1971, the National Limestone Institute Distinguished Service Award.

However, the greatest tribute to JOHN BLATNIK—personally and politically—has been given by his eighth district constituents in electing him to 14 consecutive terms in the House. He will be missed, but he will have a lasting impact on the eighth district, the State, and the country.

In closing his February 11 statement, Congressman BLATNIK said:

It has been an extraordinary, unique privilege to have served in the United States Congress, the most representative body in the world.

"I want to express my heartfelt gratitude to the wonderful people of the Eighth District for this privilege and honor and for their strong support and encouragement which have been a great source of inspiration to me over the years. The Eighth District and particularly the Iron Range, will always be my home. Here is where my best friends are; *this is* the land I love.

Mr. President, it is clear that this land also loves JOHN BLATNIK. On behalf of the Eighth District, the Democratic Farmer-Labor Party of Minnesota, and all who have benefited from JOHN's attention to their causes and interests, I extend hearty thanks and appreciation. I know that history will deal kindly with JOHN BLATNIK and that the perspective of time will be to his credit. JOHN will be remembered by the historians of Minnesota and Congress, and in the minds and hearts of his colleagues and friends. Although we will miss JOHN BLATNIK in Congress, we look forward to his continued presence in Washington, and wish him good health, happiness, and success in his new endeavors.

JOHN BLATNIK will now have some time for relaxation and physical and spiritual refreshment. He will have time for his wonderful family and his host of friends.

Mr. President, I ask unanimous consent that an editorial from the Minneapolis Tribune of February 12, and an article from the St. Paul Pioneer Press of February 17, which are personal and political tributes to JOHN A. BLATNIK, be included at this point in the RECORD.

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

JOHN BLATNIK'S RETIREMENT

Without John Blatnik, the political scene in Minnesota's 8th Congressional District will seem like a worked-out open-pit mine. For 28 years Blatnik has represented that district, and has assumed a commanding role in the district's DFL politics unmatched by any congressman in the state. In a district that now stretches from the wilderness of the north country to the mining operations on the Iron Range to the shipping and industry of Duluth to the farming of the eastern border counties to the Twin Cities suburbs, Blatnik has been able to represent all these diverse interests and please his constituents so that they have reelected him in every election since 1946.

His accomplishments have been many and great—he has been called "Mr. Water Quality" for his efforts to clean up water pollution; he fought to bring jobs to the area in taconite plants built when the area had slid into a depressed economic state; he has worked for a Voyageurs National Park. So popular has he been with the voters that he seldom faced more than token opposition in elections—Republicans figured it wasn't worth spending money on a campaign, and top GOP figures in the district didn't want to take him on.

In recent years, Blatnik has been criticized by environmentalists for not speaking out against Reserve Mining Co. for dumping tailings into Lake Superior. But Blatnik prefers the role of mediator and is concerned about the possible impact to the area of any curtailment of Reserve's activities. It has always been his style—amid such clashes as those of the warring factions of the district's DFL—to be a conciliator and seek solutions acceptable to all. It has not always been easy, but most of his constituents seem to agree that Blatnik works with the best interests of his district in mind. In the process, he has earned the respect of all and, as he approaches the retirement that he announced Monday, has become an institution in Minnesota's politics.

BLATNIK'S DEPARTURE ENDS ERA IN HOUSE

(By Al Elsele)

WASHINGTON.—John Blatnik was indignant. He has just sat through a meeting in the U.S. Capitol at which a group of Minnesota and Wisconsin officials had been haggling for more than an hour with federal bureaucrats over government efforts to protect the Lower St. Croix River from development.

There were at least 40 people at the meeting, including Gov. Wendell Anderson, Sens. Walter Mondale and Hubert Humphrey, and all eight Minnesota congressmen, the head of the Minnesota Department of Natural Resources and a bevy of Nixon administration officials.

But no real progress had been made. Assistant Interior Secretary John Kyl and National Park Service officials made a vague promise to pursue the matter, but they also made it clear that there's little if any chance of finding the additional $11 million to carry out a plan to protect the relatively unpolluted river.

The meeting broke up and a reporter intercepted Blatnik in the hallway.

"What the hell did we have to waste an hour arguing with these people over a piddling $11 million?" he exclaimed.

"All we had to do was to get George Mahon (chairman of the House Appropriations Committee) and John McClellan (chairman of the Senate Appropriations Committee) together and bring Roy Ash (Director of the Office of Management and Budget) up here and tell them what he wanted."

Blatnik couldn't understand why so much fuss was being made over a mere $11 million spending authorization. As chairman of the House Public Works Committee, he is used to dealing with projects costing not millions but billions.

His committee authorizes projects costing a total of $20 billion or more every year, and he had just come from the luncheon meeting at which executives of the steel industry informed him of plans to spend nearly a quarter of a billion dollars on expansion of their taconite facilities in his northeastern Minnesota district.

Blatnik's reaction to the St. Croix meeting illustrates his view of how Congress should exercise its power. It also explains the dramatic impact of his announcement last week that he intends to retire at the end of the current session of Congress.

The departure of the 62-year-old 8th District Democrat after 28 years in Congress will mark the end of an era for Blatnik himself, for the state of Minnesota and, to a certain extent, for Congress and the nation.

He came to the House of Representatives in January 19— in a freshman class that included Richard Nixon, the late John Kennedy, and House Speaker Carl Albert. At the time, Hubert Humphrey was still mayor of Minneapolis, former Sen. Eugene McCarthy a struggling young economics instructor at the College of St. Thomas, and Walter Mondale a 20-year-old student at Macalester College.

Humphrey, McCarthy and Mondale, of course, all have run or are still running for the presidency, but none has exercised more power or had a more lasting influence on Minnesota or the nation than Blatnik.

The son of an immigrant iron miner from Yugoslavia, where he later served as a U.S. military adviser to partisans fighting the Nazis in World War II, the tall, intense Blatnik is without question the most powerful Minnesotan in the legislative branch of government.

He used that power in various ways, some of which have been controversial and all of which have changed, for better or worse, the economy and environment of Minnesota and much of the United States.

As a State senator and as an influential member of Congress and finally, since 1971, as chairman of the House Public Works Committee, Blatnik can be legitimately credited with having been a prime mover of the economic renaissance of the Iron Range through the development of the multi-billion-dollar taconite industry; of the $40 billion-plus interstate highway program; of the ongoing effort to clean up the nation's polluted water supply, estimated to cost upwards of $100 billion; of the multi-billion-dollar economic development program to bolster depressed areas; and of the creation of the nation's first water-oriented national park on the Minnesota-Canadian border.

Much has been said and written about Blatnik's role in shaping these and other pieces of legislation. Some of it was accurate and some of it was political hyperbole. Consumer crusader Ralph Nader and others, for example, have criticized him for not pushing hard enough to protect the environment against industrial polluters, the prime example of which is the current court case involving the Reserve Mining Co. discharge of taconite tailings into Lake Superior from its Silver Bay, Minn., plant. But even his critics agree, he was a pioneer in the field of water pollution control legislation.

Other persons have criticized Blatnik for being too sympathetic to the highway lobby and other interests that benefit from the huge public works programs rather than trying to turn the nation toward better mass transit systems and highway safety.

Undoubtedly, some of that criticism was at least partly justified. As a practical politician, Blatnik was no stranger to compromise. He quickly learned the value of the late Speaker Sam Rayburn's dictum that to "get along in the House, go along." Once a leader of the Democratic party's liberal wing in the House, Blatnik is now identified with the House establishment.

But it would be both inaccurate and unfair to assert that he ever compromised his basic principles or wavered from his belief that he was in Congress to represent the people of his district.

"I think I've fulfilled my obligations to the people back home, particularly on the Iron Range." Blatnik said Sunday as he confirmed his intention to retire. "We've helped upgrade that whole region from a severely depressed area into one that will be economically strong for the next hundred years."

Ironically, Blatnik's greatest legislative accomplishments came before he was named chairman of the Public Works Committee. Less than a year after taking over in November 1971, he suffered a heart attack.

It came in the midst of intensive deliberations over the landmark water pollution control bill that was enacted in 1972, and some people felt the strain of putting together the complex legislation triggered it.

Blatnik's lengthy convalescence, which included hospitalization in 1972 and 1973 for related heart ailments, prevented him from ever taking full control of the powerful committee.

As a result, subcommittee chairmen such as Robert Jones of Alabama and James Wright of Texas and key committee aides such as chief counsel Richard Sullivan operated with an unusual degree of independence.

Even though he climbed steadily in seniority (he is one of only seven members of the 1947 class still in the House) Blatnik's latter years in Congress were marked by political

conflict that merely added to the burden of his health problem.

His political difficulties were best summed up by former state Sen. Ray Higgins of Duluth in 1970 when, in the midst of a bitter controversy over the proposed Voyageurs National Park, the Reserve case and partisan sniping by the Perpich brothers, he was asked what he and Blatnik had talked about during a meeting in Washington.

"The three P's," replied Higgins. "Parks, Pollution and the Perpiches."

But it was a fourth "P"—personal reasons—that finally caused Blatnik to step down, though he was virtually assured of reelection.

He had hoped to stay in Congress until he was 65, when he would have completed 30 years service, but a recent physical examination indicated he might be headed for another heart attack.

As he pointed out in his retirement statement, Blatnik wanted to be able to spend more time with his wife and three children and, for the first time in his life, to be free to do "some of the things I've always wanted to do but haven't had time to."

Blatnik, who is one of the best-liked members of the House, will be missed by his colleagues when he retires, and certainly by the people of northeastern Minnesota, who benefited most.

THE LESSONS OF THE WHEAT SUPPLY PINCH

Mr. McGOVERN. Mr. President, on February 4, the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices of the Committee on Agriculture and Forestry, chaired by the Senator from Kentucky (Mr. HUDDLESTON), held an important hearing on our wheat and feed grain supply.

Coincidentally, on that date, the Aberdeen American-News, a daily newspaper in my State, reprinted an editorial from the Des Moines Register in Des Moines, Iowa, entitled, "The Skimpy Wheat Reserve."

The conclusion of the Register's editor is the conclusion which was expressed in my statement to the subcommittee and that which was said in a similar fashion by the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Iowa (Mr. CLARK).

Mr. President, the idea of a strategic reserve of storable grain commodities has been with us for decades. For most of my public career this Nation has had a "reserve" of sorts—in the form of a price-depressing surplus. It is time that we had a genuine reserve for contingencies such as the one in which we find ourselves today. I ask unanimous consent that the editorial be printed in the RECORD.

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

THE SKIMPY WHEAT RESERVE

Residents of the wheat-producing state of South Dakota are concerned about factors influencing the production and prices of the 1974 crop. They will find interesting the following comments of the Des Moines Register, published in Iowa, another great agricultural state:

President Nixon has lifted the import quotas on wheat, a sensible action in view of the high price of wheat. There ought to be no restriction at any time on imports of wheat, a commodity which the U.S. produces so efficiently that it is the world's leading exporter.

The lifting of import quotas is unlikely to result in a big increase in imports. Millers may ship in a little wheat from Canada. It is even possible, as a representative of the Millers National Federation said, that the United States could import some flour from Europe. But that won't amount to much, either.

The United States produces more than twice as much wheat as it consumes, and the 1973 crop was a record. Moreover, the 1974 harvest promises to be even larger, since acreage is being increased.

The general shortage of wheat during the last two years, largely because of short crops in Russia and South Asia, has resulted in extremely high prices. The rush of many countries to rebuild stocks is keeping prices high. United States millers have to pay up to get wheat under the circumstances. Otherwise, exporters would drain the country of wheat.

The U.S. Department of Agriculture estimates that wheat reserves may be drawn down to 182 million bushels by next July 1. This seems a tiny reserve, indeed, considering the fact that 500 million to 700 million bushels of carryover have been normal in recent years. However, it is far from a disaster.

The Department of Agriculture should have taken steps much earlier to assure a larger reserve supply. It could have done so under present legislation.

But even in the absence of government action, the United States is not likely to be in a desperate shape for wheat. There is no reason to expect the price of bread to rise to $1 a loaf, as one representative of the baking industry suggested.

You would think that Agriculture Secretary Earl Butz and his advisers had learned their lesson from the depletion of wheat stocks as a result of the sale to Russia in 1972. But they have gone blissfully along their way, trusting in the "free market" and the public spiritedness of the big grain companies. The result is a huge export sale and skimpy reserves at home. That is the reason for all the excitement about the wheat shortage and the talk about $1 bread.

Unless a weather disaster overtakes the country this spring, however, it seems that the nation will skin through. Congress, we trust, will not need another lesson before passing a grain reserve bill that will require the administration to manage a reasonable reserve program.

WHOLESALE PRICE JUMP UNDERSCORES NEED FOR INCOMES POLICY

Mr. HUMPHREY. Mr. President, a few days ago the Bureau of Labor Statistics released the Wholesale Price Index for January. On a seasonally adjusted basis the WPI went up a whopping 3.1 percent or at an annual rate of more than 35 percent. This tremendous increase in a 1-month period has been topped only once in the post-World War II period, in August 1973. What alarms me most, Mr. President, is that 3 or 4 years ago increases of this magnitude were inconceivable. At that time, if the WPI rose as much as four-tenths of 1 percent in 1 month, the public, the press, and the Congress expressed great concern. Yet in the last year, price increases have become so enormous that we are inured to the rates of inflation of 1.8, 2.2, and 3.1 percent which we have experienced in the last 3 months, as measured by the Wholesale Price Index.

Unfortunately, there is no special, one time factor which explains the price jump in January. The increase was broadly based, with every major category in the WPI rising at least 2 percent during the month of January. The following table illustrates how severe the price increases have become in recent months:

PERCENT CHANGE IN WHOLESALE PRICE INDEX AND COMPONENTS,[1] JANUARY 1964

Component	Percent change from previous month	Percent change from 3 mos ago at compound annual rates
All items	3.1	32.3
Industrial commodities	2.3	37.3
Farm products, processed foods, and feeds	5.1	21.4
Consumer foods	3.9	15.7
Consumer finished goods	2.8	44.1
Consumer goods, excluding food	1.9	67.4

[1] Seasonally adjusted.

It will be only 1 to 3 months before these wholesale price increases will be passed on to the consumer in the form of higher prices at retail. Consumer food prices rose 3.9 percent in January and 15.7 percent in the last 3 months at annual rates. These will probably be reflected in higher grocery store prices in February. The prices of consumer goods, excluding food, rose 1.9 percent in January, but more than 67 percent at an annual rate in the last 3 months. This means sharply higher prices for clothing, fuel, appliances, furniture, paper products and many other consumer items in the next 2 or 3 months.

The snowball effect of higher prices will not end there. In January, industrial commodities prices rose 2.3 percent. These are materials at the first stage of the manufacturing process.

It will take several months for these price increases to work their way up to the consumer level. I regret to say that forecasts of 8 or 9 percent inflation at the consumer level for 1974 which appeared high a month ago now seems quite likely.

It is with these data before us that Congress must evaluate the administration's proposal to junk wage and price controls. The United States finds itself in a highly inflationary economic environment during the first half of 1974, and to completely abandon controls at this point may touch off another more severe inflationary spiral.

At the very least, even if Congress decides to lift controls, we must make a long-term commitment to incomes policy. This policy, if effectively administered, can assure that a reasonable level of economic stability is maintained by keeping wage and price increases, in general, at levels justified by rising productivity and real production cost increases. Unfortunately, it has fallen on this current administration, which abhors the use of wage and price policy and which would rely almost blindly on the market adjustment process, to deal with the most severe inflation the United States has ex-

perienced in the last 25 years. It is not inconceivable that the current controls program would have been more successful if public officials who believed in incomes policy had been administering it.

I caution my colleagues that inflationary pressures will continue to be with us for an extended period. The United States is now competing with a number of other mature economies for relatively scarce resources. At home, the worker has justifiable demands as his wage contracts come up for negotiation in the next 2 years. He has seen his real income eroded by 1.5 percent in the last year alone by sharply rising prices. If we are to face these problems and break the inflationary spiral, then we must all be committed to some form of incomes policy, whether it is adminstered by a revised Cost of Living Council, or a wage-price board or whatever. I urge the Congress to carefully assess the administration's economic stabilization proposals in view of the inflation outlook for the immediate future and for the next several years.

THE DICKEY-LINCOLN DAM—ITS TIME HAS COME AT LAST

Mr. MUSKIE. Mr. President, in recent days, I and my colleagues in the New England congressional delegation have been contacted by the New England electric utilities pointing out the serious economic impact on our region caused by the skyrocketing cost of imported residual fuel oil. The utilities have urgently requested our assistance in obtaining price relief from the Federal Energy Office.

The Energy Emergency Act which we are debating this afternoon includes provisions which, I am hopeful, will alleviate this situation.

At the same time, however, I cannot help but note the irony of the private utilities request when, in virtually the same breath, they continue to oppose the construction of hydroelectric power projects in New England which would lessen our region's dependence upon fossil fuels.

I refer in particular to the Dickey-Lincoln School hydroelectric project, authorized by the Congress, but never fully funded—in large part due to the persistent efforts of the private utilities.

I would call the attention of my colleagues to section 301(2)(C) of the legislation before us which would require the Administrator of the Federal Energy Office "to conduct a study of the further development of the hydroelectric power resources of the Nation, including an assessment of present and proposed projects already authorized by Congress."

Dickey-Lincoln is needed more today than ever before. This provision, I sincerely hope, will enable the administration and the Congress in 1974 to move the project off dead-center where it has been since 1965.

I want to place the private utilities on notice that if they expect to receive continued congressional support of their requests for "equitable" treatment from Federal energy officials, they also ought to consider carefully their position on Dickey-Lincoln.

In this regard, I would like to call the attention of the Senate to a series of articles which have appeared in the Boston Globe in recent days pointing out not only the significance of Dickey-Lincoln in the context of the current energy shortage, but also the extreme lengths to which the private utilities in New England went to oppose the project in the halls of the Congress.

Mr. President, I ask unanimous consent that these articles be printed in the RECORD, along with a February 5 letter from the New England power pool.

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

[From the Boston Globe, Feb. 10, 1974]

DICKEY-LINCOLN DAM, LOBBIED TO DEATH, LOOKS GREAT IN 1974

(By Stan Wallerstein)

Over the years, New Englanders have paid more for their electricity than residents of any other region of the country. In the last two years, numerous rate increases forced our bills still higher, and now, because of the fuel adjustment clause, they are increasing every single month.

Some of the reasons for the high rates are both obvious and valid—rising fuel costs, labor costs, and the cost of money. But one important reason why our bills are so high hasn't received the attention it deserves—that over the past ten years, New England's privately-owned utility companies, acting together, have worked to prevent low cost power projects from being built in the region.

They have fought on many fronts: against the municipal utilities in Massachusetts, against the importation of low-cost power from Canada and from New York, against the Maine Public Power Authority. But perhaps the clearest case of the utility company effort to keep power costs up in New England involves the Dickey-Lincoln hydroelectric project in Maine.

MUCH CHEAPER POWER

If the dam had been built, it would today be supplying New England with 1 billion kilowatt-hours of electricity annually—electricity not dependent on Arab oil, high-sulphur coal, or nuclear reactors.

Because its fuel supply would have been both unlimited and free, Dickey-Lincoln's power would have cost about .4 cents per kilowatt hour instead of the 1.7 cents per kilowatt hour for the private plants built to take Dickey's place. How the private utilities managed to kill this money-saving, job-creating project through a lobbying effort of over $500,000, of which you and I picked up the entire tab, is the subject of this article.

Since 1919, engineers have been interested in the possibility of harnessing the tides of Passamaquoddy Bay in Maine for power production. Numerous studies were undertaken, but each time the Passamaquoddy project was written off as economically unfeasible. However, in 1963, the Interior Department reported to President Kennedy that the project might be feasible on the St. John's River (Dickey-Lincoln). President Kennedy ordered further study.

Shortly after the Interior report to Kennedy was made public, the presidents of the 16 largest private utilities in New England held a meeting and formed the New England Electric Utilities President's Conference. The stated objectives of the organization included "finding and implementing the most effective means to defeat the Passamaquoddy-St. John's project," and "developing a regional climate of public opinion which would prevent any expansion of government-owned or tax subsidized electricity within New England," and instead, "permit the gradual elimination of government power operations presently existing in the area."

On July 9, 1965, the Interior Department recommended construction of the Dickey-Lincoln dam. Three days later, the Senate Public Works Committee approved the project's inclusion in the Omnibus Rivers and Harbors bill, which passed the Senate on a voice vote on July 27.

LOBBYING CAMPAIGN

Having failed to stop Dickey in the Senate the utilities began an intensive lobbying campaign to kill the bill on the floor of the House, enlisting the support of utility companies throughout the country. An amendment to kill the project failed on a 100–100 vote, but an amendment to require a restudy of the project passed by 134–132.

It is a testament to the political power of the utilities that, although the project would have meant over $200 million in Federal funds for New England, would have lowered the cost of electricity throughout the region, and would have created thousands of construction jobs in economically depressed Maine, only four of the region's Congressmen—Macdonald, Stafford, Tupper, and Hathaway—supported the project.

Congressman Tupper remarked after the vote: "There was Boston Edison up in the galleries ready to put on the pressure. There were more lobbyists on the Hill against Dickey than there were Congressmen."

Although the House had rejected the project, the Conference Committee, appointed to resolve the differences between the House and Senate versions of the bill, decided to keep the project in the bill. Because the conference report, which contained pork barrel projects throughout the country, could only be voted up or down without further amendment, Dickey-Lincoln was finally approved by the Congress on Oct. 20.

The private utilities had failed in their effort to prevent the dam from being authorized, but the Corps of Engineers would still need yearly appropriations of funds to actually construct the project.

The Electric Coordinating Counsel of New England (the lobbying arm of the private utilities) set up a special unit to draft a battleplan for the appropriations fight. The plan was entitled, "A Report for Action on the Dickey-Lincoln Project" and outlined the utilities strategy for killing the dam. Included for the following actions:

Continuing and personal contact with each member of the New England Congressional delegation, the Army Corps of Engineers, and the Bureau of the Budget. Receptions and dinners would be given on a regular basis and a "tote board" would be maintained to record assignments and progress.

Development of a media program backed by personal visits to newspapers, radio, and television stations by local utility officials. The program would "contain persistent reference to the publicly stated goal of a 40 percent reduction in electric rates by 1980."

Development of contacts with unions, suppliers, industrial allies. Among the companies mentioned were Westinghouse, GE, Allis Chalmers, US Steel, and Bethlehem Steel.

In addition, an advertising program, speakers bureau, and the solicitation and writing of "nonpartisan" articles were also proposed in the report.

COUNTER-PLANT DRIVE

As a political lobbying strategy, the Call for Action is hardly unique, except for the fact that the cost of the program ($567,057.97) was entirely paid for by the utilities' customers. (The Federal Power Commission does not permit lobbying and public rela-

tions expenses to be included in the rate base, but the utilities classified their Dickey-Lincoln expenditures as "miscellaneous general expenses" which could be passed on to customers).

But, like the major oil companies who have deliberately shut-in their wells to drive the price of petroleum up, the utilities did not restrict their campaign against public power only to public efforts.

On Dec. 22, 1965, a meeting of utility executives was held in Boston. It was chaired by William Dunham, president of the Central Maine Power Company. He proposed to the group that they publicly announce plans to construct a large, jointly owned nuclear power plant somewhere in Maine.

The announcement of the plant would have to be made before January 7, 1966, because the "incorporation schedule objective is to announce the new company and its plan of operation as much in advance as possible before the special session of the Maine legislature is convinced on Jan. 17." (The special session had been called to consider the creation of a Maine Power Authority, similar to the one recently voted down in Maine after a massive advertising campaign by the state's private utilities).

According to a memorandum prepared by one of the participants at the meeting: "Dunham believes—and several of those present agreed—that a large low-cost power plan by the private companies must be announced at once, or else the Maine Power Authority will be approved."

Dunham suggested that the publicly announced price for electricity from Maine Yankee would be .45¢ per kilowatt-hour. (The actual cost of Maine Yankee power is 1.7c per kwh, almost 400 percent higher). At the close of the meeting, Dunham asked for commitments from the other utilities to participate in the project, though even the site for the plant hadn't yet been determined.

However, all the utilities except Boston Edison agreed to participate. Among the reasons why Boston Edison didn't participate were the following: "Its investment in Maine Yankee couldn't be included in the rate base"; "There wasn't any important public relations value to Boston Edison with its own customers"; and "Maine Yankee would not lower the cost of power to its customers."

On Dec. 31, representatives of Eastern Utilities Associates and the New England Gas and Electric Association visited Boston Edison to persuade the company to change its position. According to a Boston Edison interoffice memo, both representatives "stated that their basic motivation for participation in Maine Yankee is, in effect, 'self-serving publicity' for investor owned utility industry. They both feel that the public power thrust is in Maine and must be met in Maine, and in particular, they consider Dickey-Lincoln the chief threat."

To its credit, Boston Edison did not reverse its position.

Not content with the announcement of just one power plant to combat Dickey-Lincoln, the Electric Coordinating Council three weeks later announced plans for the "Big 11 Power Loop, a $1.5 billion regionally planned construction program the utilities claimed would lower the cost of power in New England by 40 percent by 1980."

The council lost no time in informing every member of Congress about the project and in approving a six-month, $360,000 advertising budget to publicize the program. Only in 1968 did the House Appropriations Committee discover that:

"Although representatives of the Council advised that they have planned to meet the problems of supplying the power needs of New England on a central coordinated basis, they have not produced any document supporting this central planning with the exception of an advertisement that appeared in the public press in January 1966."

Meanwhile on Capitol Hill, the Senate passed a $1.2 million appropriation for the Corps of Engineers work on the project, while the House approved only $800,000. A compromise appropriation of $800,000 was finally approved, with a proviso to the funds added by Cong. Boland calling for an independent investigation of Dickey-Lincoln by the House Appropriations Committee staff.

That study was completed on June 5, 1967. The Appropriations Committee staff concluded that Dickey-Lincoln was needed to help meet New England's need for electricity, and that Dickey-Lincoln could provide that power at less cost than any other alternative, including those submitted by the private utilities. It also found that the project would return about $1.80 in power revenues and other benefits to the Federal government for each $1 invested in construction costs.

The staff study was a setback to the utility interests. Congressman Boland, who had previously opposed Dickey, was now advocating construction of the dam. But the utilities found a way to undercut the Appropriations Committee study with the other members of the House.

On July 7, 1967, Connecticut Congressman Robert Giaimo, a member of the Appropriations Committee, sent a "Dear Colleague" letter to every member of the House.

Attached to the letter was a document entitled: House Appropriations Committee Reveals Dickey-Lincoln Project Economically Inefficient, Economically Unfeasible. What followed was a collection of what we now call "misstatements"—distorted and incorrect facts about the project. To the casual reader, it appeared that the report was actually written by the Appropriation Committee staff. Only if one persevered to the end of the long and complex document, did one find that the report was actually prepared by the Northeast Utilities Company of Connecticut.

The document, together with still another intensive lobbying effort, had its effect. On July 25, 1967, Congressman Giaimo introduced an amendment to the appropriations bill deleting Dickey-Lincoln. It passed the House. And once again, the Senate and the Conference Committee restored funds for the dam.

However, this time, the House refused to compromise and voted down the conference report by a 236–162 margin. In Nov. 7, the Senate voted to restore the funds again, but two days later, the House rejected the project by a vote of 263–118.

Dickey-Lincoln was dead.

It is now 1974. The cost of power in New England has not fallen 40 percent, it has risen out of sight. Our nuclear power plants have not lived up to expectations. Vermont Yankee has been shut down because of safety problems, and, when operating, sells its power at a cost 800 percent higher than Dickey-Lincoln would have.

The output of the Pilgrim Station nuclear power plant has been severely limited by the Atomic Energy Commission. New England's oil burning plants are now being converted to coal and our environmental laws are being changed to permit this dirty fuel to be burned.

Clearly, Dickey-Lincoln with its free, unlimited fuel is a project whose time has come. If it had been built on schedule it would be operating today. If Congress appropriates funds for it this year, it can be ready in the 1980's when New England's electricity consumption will be close to double what it is today.

Right now, the chances for getting the necessary money to start the project look good. The Energy Emergency act, now before the Congress, contains a provision requiring the President to develop all existing hydroelectric sites in the country.

The latest Corps of Engineers study shows that, with the cost of fossil fuel skyrocketing, Dickey-Lincoln is a better project today (returning $2 for every $1 invested) than it was 10 years ago. And as strong a private power advocate as John Nassikas, chairman of the Federal Power Commission, recently gave his support to the project.

But in no sense is it certain that Dickey-Lincoln will get funded this year. For a variety of reasons and the sincere belief of many Congressmen that the utilities did have the best interest of the region at heart, the utilities were able to convince the majority of New England's Congressional delegation to unite solidly to prevent a $200 million public works project from being built in their own region.

Whether in 1974 that situation can be reversed—whether New England's Congressmen will unite to fight for a project vital to the region's economic health—will depend on whether members of Congress realize that by having accepted without serious question over the past 10 years the statements and positions of the nation's utility oil and gas corporations, we have contributed to the energy crisis we now find ourselves in.

[From the Boston Globe, Feb. 11, 1974]

DICKEY-LINCOLN DAM NEED NOW CLEAR

(By Torbert Macdonald)

The suddenness with which the energy crisis has enveloped the country tempts us to look at many of the "roads not taken" and to ask whether they might have made "all the difference". And it is not a paradox to say that a look back could really be a look ahead.

In the early 1960's, I introduced legislation to authorize the construction of a flood control and hydroelectric project at Dickey and Lincoln School on the upper Saint John River in Maine. The introduction of this bill touched off a long and bitter controversy which has left the fate of the Dickey-Lincoln project still undecided.

The value of the project, especially in light of the current energy crisis, is painfully apparent. Had the efforts to construct Dickey-Lincoln not been frustrated by the opposition of the private utilities and by the indifference of the public, the consumer in New England could be paying up to $40 million less this year for electric power. With energy in short supply, it is estimated that the annual output of hydroelectric power from the Dickey-Lincoln project could be the equivalent of 300 oil wells.

But instead of benefiting from the Dickey-Lincoln project, New England remains the only region of the country without a Federal power project. Coupled with the lack of indigenous supplies of coal, oil and natural gas, the failure to utilize government resources leaves New England to the whim of the producer states who may be inclined to allow us to "freeze in the dark," as they have publicly threatened.

The turning point on Dickey-Lincoln came in 1967. At that time, a preliminary study by the Corps of Engineers had been completed under funds appropriated in 1965. Supporters of the project sought further funding so that planning could be concluded and construction could begin. Despite a favorable report by the staff of the House Appropriations Committee, the funds for Dickey-Lincoln were deleted from the Public Works appropriations bill during debate on the House floor.

Some New England congressmen opposed the funding while others stood by silently as critics from outside of the region attacked the project. Rep. John Rhodes (R-Ariz.), who recently became the House Republican leader, was among those who spoke against Dickey-Lincoln, and he criticized the committee staff's report for not having given "more weight" to the position of "the private power companies".

Outside of the Maine delegation, only three New England members—Ed Boland of

Massachusetts, Bob Stafford of Vermont, and myself—spoke in favor of the project. A year earlier I had been the only other member to support it during the debate.

Despite repeated efforts in subsequent years to revive the project and despite the active support of several more New England members, Dickey-Lincoln remains unbuilt.

The primary opposition to Dickey-Lincoln has come from the private utilities who have argued that they were capable of meeting New England's energy needs without government involvement. Just how close they came to being proven wrong in 1972 is frightening to consider, and the latest round of rate increases indicates the price which consumers are being forced to pay for the continued autonomy of the private power companies. Their opposition to Dickey-Lincoln and to other sources of low-cost power, such as Churchill Falls, has virtually guaranteed the steady escalation of the price of electric power in New England.

In recent years, the private power companies have not been as vocal in their opposition to Dickey-Lincoln as they were during the early years of the project, although there is no doubt in my mind that their basic stance remains unchanged. Their voices have been replaced by those of the environmentalists who, after six years of silence on the matter, became concerned about the impact of Dickey-Lincoln on the natural beauty and wildlife of the Maine woods. There is more than a little irony in that position since the project was conceived as one of the largest Federal flood control efforts in New England.

It is worth considering from the perspective of today's energy crisis the major misconceptions on which the opponents of Dickey-Lincoln have based their arguments. First, there was the promise by the private power companies that they were capable of producing cheaper power for New England, largely through the use of nuclear and pumped storage plants. The realities of 1974 show this to have been an empty promise. Even by the most conservative estimates, the cost of nuclear-generated electricity in New England is 200 percent higher than predicted by the private utilities eight years ago. Power generated by pumped storage plants, such as the one at Northfield Mountain, which are relied on for peak power needs, have similarly proven to be far more expensive than originally estimated. As a result, the cost of power in New England continues to mount, notwithstanding the impact of the oil shortage.

The second misconception was that Dickey-Lincoln would amount to another TVA with the Federal government assuming the role of marketing agent for New England. Dickey-Lincoln cannot be compared to TVA in terms of size or impact. Its total contribution to the power needs of New England would be small in terms of the composite picture, but it would provide an invaluable source of peaking power (power needed during high demand periods) which could be relied upon to alleviate blackouts and brownouts. As I said during the debate in 1965, "The project will supplement, rather than supplant, private developments in this field."

A related misconception was that there would be no economical method for utilizing Dickey-Lincoln's power even if the project were completed, unless the government was to spend millions more for transmission facilities. This is no longer a fact. The New England Power Pool now interconnects 95 percent of New England's power plants. A relatively short tie-in is all that would be required to connect Dickey-Lincoln to the NEPOOL line running from New Brunswick. This tie-in would make Dickey-Lincoln's power available throughout New England at a time when it is most needed.

The advantages of Dickey-Lincoln remain as before. It would provide peaking power which is relatively low in cost and which is nonpolluting. It would be safer than nuclear plants and more reliable than those which use oil or coal.

The need for Dickey-Lincoln has grown greater every year. Power rates in New England continue to rise twice as fast as rates throughout the country, and the burden on the consumer has become excessive. By 1978, the capacity of present facilities will be inadequate to meet the needs of New England.

Dickey-Lincoln may not make "all the difference", but it would be a big step in the right direction. Dickey-Lincoln is not an idea buried in the past but rather an idea whose time has finally arrived.

[From the Boston Globe, Feb. 12, 1974]

THE DICKEY-LINCOLN DAM—ITS TIME HAS COME AT LAST

It has to be said, and said with some degree of burning indignation, that if ever the time has come to start construction of the Dickey-Lincoln Dam project on the St. John's River in Maine, that time is now. Not tomorrow, or the day after, but now.

It should have been started 10 years ago. The Globe repeatedly campaigned for it editorially as far back as 1966, and through the years since. But ours was then a lonely voice. Just as lonely were the five out of our 25 New England congressmen who supported the project—Torbert Macdonald (D-Mass.), who introduced the bill; Stafford (R-Vt), Tupper (R) and Hathaway (D) of Maine, and, later, Edward Boland (D-Mass.).

Dickey-Lincoln was a project that could have been in operation by now, supplying New England with a billion kilowatt-hours annually at a cost of about .4 cents per kilowatt-hour instead of the 1.7 cents for private plants built instead of it, and saving New England consumers, according to Macdonald, up to $40 million a year for electric power.

It could be supplying badly needed peaking power, the equivalent of what 300 oil wells could produce, in the country's only region that does not have a Federal power project and whose power rates continue to rise twice as fast as they do in the rest of the nation.

Then why was the project killed? The details of the answer can be found in Stan Wallerstein's article in last Sunday's Globe and Cong. Macdonald's in yesterday's Globe. But the details can be summed up fairly in one short sentence. The private utilities lobby killed it.

They killed it in spite of studies by congressional committee staffs and the Corps of Army Engineers showing that it was not only feasible, but would provide power at less cost than any other alternative; and that for every Federal dollar invested in its construction, the government would get back about $1.80 as of 1967 and as of today, according to the latest study, it would double its money.

They killed it with lobbying on such a massive scale that, as Cong. Tupper described it after a crucial vote, "There were more lobbyists on the Hill against Dickey than there were congressmen." And they killed it with a lobbying program that cost $567,000 but was paid for by the consumers, since it was classified as "miscellaneous general expenses" to get around a Federal Power Commission regulation that is supposed to prevent lobbying expenses from being included in the rate base.

With today's energy shortage, and the certainty that it will continue unabated until long after the years it will take the $200 million Dickey-Lincoln project to be built, Congress must lose no time at all in voting the necessary money. The Energy Emergency Act, now before that body, contains a provision requiring the President to develop all of the existing hydro-electric sites in the country.

Dickey-Lincoln is, as Cong. Macdonald has written, "an idea whose time has finally arrived," and an indignant people all over New England should acquaint their representatives with their feelings about it.

FEBRUARY 5, 1974.

PETITION ON BEHALF OF THE NEW ENGLAND POWER POOL WITH RESPECT TO THE PRICE OF IMPORTED OIL

To: New England Congressional Delegation.

The diligent and effective efforts of the New England Congressional Delegation in seeking to insure fair treatment of New England, in view of the region's heavy reliance on imported oil, in the distribution of available supplies of residual fuel have been commendable. While it is yet too soon to judge whether the goal of equitable distribution among regions, a stated objective of the Emergency Petroleum Allocation Act of 1973, will in fact result from the operation of the allocation program being administered by the Federal Energy Office, the program for residual oil was designed to achieve that objective. The voluntary efforts of the people of New England in conserving energy, going far beyond the national average, are assisting greatly in this effort.

The 1973 Act also states the objective that oil be made available to all regions of the nation at "equitable prices" [Section 4(b)(1)(F)]. Like the quantity provision this price criterion resulted from recognition that the current energy crisis is a national problem resulting from national policies. No steps have been taken to implement this objective with respect to residual oil and New England utilities and industry have been faced with staggering increases in the price of residual oil since the Arab embargo. As an example, one member of NEPOOL now is being charged $11.05 per barrel for residual oil by one supplier (whose preembargo source was Libya and price in September 1973 was $4.64) and $12.37 per barrel by another major supplier with Venezuela as a source (and an early September 1973 price of $5.13 per barrel). These outrageous increases by exporting countries have resulted in industry and utilities of New England, and their customers, being required to carry a grossly disproportionate and unfair share of the economic burden of the energy crisis.

It is imperative to the economy of New England that this region not be required to continue to pay the extortionate prices being charged for imported oil. Until a reduction in such prices can be accomplished by efforts on the international scene, the excess of such cost over the cost of domestic fuels available to utilities and industry in other regions of the country should be assumed as a national burden.

Failure promptly to relieve the excess economic impact on New England resulting from the skyrocketing imported oil prices will place this region at a competitive disadvantage which will result in a deterioration of its economy with loss of jobs and income.

We urge prompt and effective action dealing with this urgent problem.

"PLEASE LISTEN"

Mr. McGOVERN. Mr. President, it has often been thought or said that a crisis brings out the best in the American character. If it is true, it is certainly unfortunate that we must drive ourselves to the wall of desperation before our better nature begins to surface.

Shortly before the Lincoln Day recess, in the midst of the controversy over the Emergency Energy Act and the trucker's strike, I opened a piece of mail signed by a trucker from Rapid City, S. Dak., known as "Pooh Bear." I want to share

his letter with the rest of the Senate, for there is wisdom enough in this one short letter to revitalize all those who have spent months and years beating their heads against the lethargy of our national institutions with the simple, two-word plea: "Please listen."

The letter needs neither further introduction nor lofty embellishment. It needs only to be read. I ask unanimous consent that the letter be printed in the RECORD.

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

To Whom it may concern:

I am a truckdriver and I'd like to know what's happening? I mean just what the heck is really going on. And don't ask me where. If you can't think of any instance where your life has been profoundly affected by something that you really can't figure out, then you haven't been paying attention. There are things going on—to me, some *very* disturbing things—that portend of a future of bureaucratic holocaust. A government of committees and "due-process" conceived in the 18th century trying to deal with economic and social problems that evolve from our super-rapid, technological 20th century world. There are good men lost in the jungle of red-tape and politicing in the various capitals of this Nation. The "magnifying glass" atmosphere of Washington makes things a lot easier to see—but it is happening at all levels. A lot of good legislation takes an inordinate amount of time to clear the legislative process and the ill that it was drafted to eliminate continues for just that much longer—usually catching the "little man" right where he lives.

The reason I'm writing this is the so-called "Energy Crisis." In the energy crisis it is very easy to see the "legislative time lag." Truck drivers live in its vacuum—when did the fuel prices go up? When did you get the rate hike? Answer? Just before the fuel prices went up again. Or just after depending on exactly how slow the D.O.T. was in your case. But you can't blame them, I mean there are certain channels and procedures that one must follow. But the whole effect of this inability to deal with problems fast and effectively is borne by the man out on the road. We're always trying to catch up to where we were six months ago. But some guys just can't make it.

Every month that goes by, a few more trucks that can't pull the financial weight loaded on them in better days have to be pulled off the road. This is the area that directly affects my life. This is why I'm confused and angry. I personally feel that the entire situation has been manipulated and mis-handled from the outset—but this doesn't help me now. I don't need a committee to investigate the oil companies or tax their excess profits. I need an *immediate* (if not retroactive) price rollback, higher speed limit, uniform licensing, and the whole list that has been in print many times, but nobody seems to be doing anything about very quickly.

This is my gripe, but I want to address my remarks to everyone who happens to read this—not just truckers. Senator Mike Mansfield, in his reply to the State of the Union address brought up a very serious point—it remains to be seen whether they do anything about it. He made the observation that the energy shortage will be the first of many "shortages"—the small end of the wedge. There are almost 3 billion people in the world today. There will be many more tomorrow. All these people are devouring vast amounts of resources. We don't need solutions for yesterday's problems, we need them for tomorrow's. The people of this country need help. We need relief from some of the pressures we have to deal with living in today's world. The "working class heroes" of this nation need $87 billion more than the Pentagon does. Spend the money for discovering and living rather than protecting and killing.

The professional truck drivers are stopping their rigs to make someone listen. To make someone listen and hopefully realize that things are getting tough for people and they haven't been making headway in relieving the pressure.

I'm trying very hard not to make this sound pessimistic—but I really think things are becoming very serious. I also know, however, that we do not lack for know-how or energy to mold a much better tomorrow. People, it's time to get serious. School's out and its time to do something. Write a letter to your congressperson, or go out and picket—anything, just make yourself heard. Get involved—don't wait for things to happen, 'cause by the time they get to you, they may not be what you were expecting. Everyone has to get out and try to inject a little self government into their lives. We have to find out exactly how things are run because to deal with the future they are going to have to run much more efficiently. And that future is just around the corner.

There has to be a major change in the priorities this country seems to have—I mean it is *our* country, isn't it? But a lot of people have to get together on it. I'm a trucker and I'm proud of what the truck drivers of this country are doing. It's a tragedy that people are being hurt and killed but it is also somewhat of a tragedy that people can't see that this profoundly affects them, also. The truckers are catching the flak right now, but if we can't cope with it today, by tomorrow it will be getting into everybody's life in greater and greater degrees. The time to stop and take a look is right now. America needs help to change. Government needs to be made more responsive, more accessible to the people. The government is not going to be able to keep everything under control indefinitely—they are going to need help. And if I've been down and out of a job for six months, I don't think I'd be of as much help as I can be now.

The longer we wait, the harder it is to get back to where we are even now. I hope that the people with power can realize this. But, more meaningfully, I hope that a lot of other truck drivers participating in the shutdown can see beyond the fuel and regulation aspects of this situation to a more serious undercurrent. Right now is the time to get with it and try to figure out exactly who and what are running things. I'm asking—telling—everyone who reads this—please, go complain to someone. That sounds pretty negative but there happens to be a very concrete political reality to deal with—this is an election year and a lot of complaints will get a lot of fast action. If you don't like something, write a letter. The government is supposed to work "one voice, one vote" so make that voice heard. I suppose if your completely satisfied with the life your living you can write and tell them that—but if your not—the government is supposed to be there to help people cope with the problem of existing and have to make sure it remembers where the real priorities are. All we need is an even break.

Yours truely,

J. P. VANHARTESVELDT.

NATIONALIZING THE CRUDE OIL AND PETROLEUM INDUSTRIES

Mr. KENNEDY. Mr. President, I cannot conceive of a more urgent sign of the need for immediate congressional action to restrain the oil companies from taking further advantage of the current crisis than a resolution adopted by the Massachusetts State Senate last month that resolution calls on Congress to nationalize the oil industry.

The degree of anger and frustration of the citizens of my State is amply expressed in this action by their representatives.

The resolution questions whether this industry—an industry which has shown itself to be uniquely vital to the economic well-being of the Nation, an industry in which virtually all decisions are keyed to maximizing profits, whether this industry should remain in private hands.

I present this resolution for the information of my colleagues. I personally feel that other steps, including the establishment of a Federal Bureau of Information on the Oil Industry, the creation of a competing Federal Oil and Gas Corporation, and the Federal chartering and regulation of the oil companies, may prove more desirable. But it is clear that the failure to act rapidly and firmly to prevent a repetition of this winter's distortions in supply and price will find more and more individuals around the country calling for total Federal takeover of this industry.

Mr. President, I ask unanimous consent that the resolution be printed in the RECORD.

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

RESOLUTIONS MEMORIALIZING CONGRESS TO ENACT LEGISLATION NATIONALIZING THE CRUDE OIL AND PETROLEUM INDUSTRIES

Whereas, The natural resources of the United States are fast becoming exhausted, resulting in reliance upon foreign supplies of such critical imports as fuel, gas and oil; and

Whereas, Corrective measures which have been attempted to date to curb the rapidly increasing shortage of all resources have been short-range and ineffective; and

Whereas, Courageous action on the part of the Congress of the United States is necessary to preserve our natural resources for the coming decades and essential to avoid skyrocketing prices and monopolistic control of such resources by a very few companies; and

Whereas, The energy and fuel problems of the United States has demonstrated to its citizens the need for better government controls and regulation on the crude oil and petroleum industries, whether the present crisis is real or fabricated and whether short-term or long lasting; now, therefore, be it

Resolved, That the Massachusetts Senate hereby respectfully urges the Congress of the United States to enact legislation immediately which would nationalize the crude oil and petroleum industries of the United States; and be it further

Resolved, That copies of these resolutions be transmitted forthwith by the Clerk of the Senate to the President of the United States, to the presiding officer of each branch of Congress and to each member thereof from the Commonwealth.

STONE'S BAKERY

Mr. MATHIAS. Mr. President, Lombard Street is the heart of Baltimore in more than one sense. It is not merely near the geographical center of the city, but it is a warm, hospitable, and human place where friendship is keenly felt and long remembered.

It is a pleasure for me to go there as often as I can, and the welcome I always

receive is heartwarming. One of my favorite places to visit is a family bakery whose products are famous throughout the metropolitan area. It is the kind of landmark that is fast fading from the urban scene, but it survives with a special quality to remind us what we are losing.

Stone's Bakery on Lombard Street is that kind of a landmark. It was recently described in an article in Baking Industry magazine, which I ask unanimous consent to be printed in the RECORD, as a worthy tribute to the value of experience, long hours, and the personal touch in creating a superior product.

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

GOVERNORS AND MAYORS COME TO BALTIMORE'S ETHNIC BAKERY IN THE GHETTO

(The Baltimore ghetto is a summer resort compared to Czarist Russia, from whence the Stones came. So they stay and prosper.)

In Baltimore, Lombard Street is a long, narrow busy one-way thoroughfare which carries traffic through the heart of the city's downtown and ghetto district alike.

A drive over Lombard Street is a drive through the history of a city. Lombard Street buildings, many of them 125 years old and near the historic waterfront, now lie in the path of urban renewal.

One of Lombard Street's landmarks is Stone's Bakery. Although one of the nation's dying breed of ethnic retail bakeries, it still is one of the most successful and active—despite its location.

With 50 borrowed dollars, the elder Stone who fled Russia for his life during the Bolshevik Revolution, began the bakery which has flourished for 55 years on Lombard Street, the last 49 in the same location in a building more than 100 years old.

"It was on Christmas Eve 49 years ago that we moved into our present location from down the street", recalls Marty Stone, at 60 the eldest of the children, all of whom still participate in the operation of the bakery.

The Stone store fronts a crowded ghetto street where the cop on the beat is accompanied by a German Shepherd. But at first, the Stones operated the bakery on the first floor of a single store and the entire family of six lived upstairs in one room and a kitchen. As business grew, the operation expanded until four stores were purchased side by side.

Stone's Bakery now does about $500,000 in business annually, with its specialty dinner rolls, rye sticks, platted bread, and such old country delights as bopka, a slavic coffee roll, poppyseed cake, strudel, bagels, holly, twist rolls, hand made Kosher hot dog rolls, rye, pumpernickel, New York rye, a combination loaf of rye and pumpernickel and many, many others.

In the business with Marty are his brothers Julius, 57, Ludgee, 55, a sister, Fannye, 51, and her husband, Max Engle, who acts as controller.

Ludgee oversees most of the baking. "We make about 100 different items daily," he says. "We have four outside routes with two trucks and two station wagons and we sell about 1,000 dozen dinner rolls daily."

About half of the total business is wholesale, with the other half retail. Marty oversees the sales. The bakery's retail business is busy constantly during the day, but particularly during lunch when the uptown business men come down to Lombard Street, many driving expensive cars, to eat and buy ethnic baked goods.

"It's a Baltimore custom to come to Stone's for dessert,' 'says Ludgee.

The Stones use no chemicals or preservatives in any of their baked goods.

"People come here because they want old time, selected freshly made baked goods. They don't want packaged items," says Ludgee. "We make the old time stuff. People from the suburbs, and from as far away as Washington and Philadelphia come to our store."

"People come to our bakery because they know they can get a wide variety of fresh baked goods seven days a week. Through the years our trade has gone from predominantly Jewish to blacks and gentiles," observes Marty. "We have governors and mayors who come here."

Although the Stones sell wholesale, everything they bake they consider retail. "We don't skimp with oil, sugar or eggs," says Ludgee. "We make individual dough."

For their dinner rolls, the Stones wash, or baste them, with fresh eggs which Marty notes gives them color and extra taste.

The Stones charge 84 cents a dozen for their dinner rolls retail, and 55 cents a dozen wholesale.

The bakery long has been unionized, but rising prices have cut into profits and caused the Stones to increase some of their retail prices. Caraway seeds, for instance, have jumped from 60 cents per 100 pounds to $2.95 and fresh onions for rolls are now $25 per 50-pound bag.

The bakery opens at 6 a.m. with the first shift of its 35 employees. During the weekend, this total often goes to 45 when extra sales help is added. During the weekend as many as 12 school girls are employed to "man" the retail counters.

Store hours are 6 a.m. to 7 p.m. daily and the bakery is closed only three days of the year, for Jewish holidays.

In addition to the dinner rolls, bopka and poppyseed cakes made from honey are the most popular items. All of the formulas are committed to memory, but they are kept in writing, often jotted down on old paper.

Here is the Stones' formula for bopka, enough for 30 loaves:

½ lb yeast; 1 gal of water; 10 lb high gluten flour. This is made into a sponge, to which these ingredients are added:

1 gal water; 1 lb yeast; 4 lbs sugar; 4 lbs high ratio shortening; 3 oz salt; 2 qts eggs; 2 lbs cake flour; 12 lbs high gluten flour; 10 lbs white raisins; 3 lbs walnuts. Flavor with butter and almonds.

TOPPING

Cinnamon sugar plus streusel mix—dip coffee mix into mix.

Streusel mix: 5 lbs high ratio shortening quick blend; 3 lbs sugar; 1 qt honey; 8 lbs cake flour; ½ lb cinnamon; butter flavor. Add crumbs.

Allow to proof, then bake at 325 degrees for three quarters of an hour.

Another speciality item made by the Stones is a small combination loaf of pumpernickel and rye bread. The Marriot Flights to Puerto Rico purchase 500 of these loaves monthly.

In the Baltimore area, the Stones serve 40 restaurants, including Holiday Inns and other leading eateries.

In Russia, the Stones were Stoenki and lived in Kiev. Their father, Nathan, was a miller. When the Revolution began, he was identified with the Czarists. "He was put before a firing squad four times," recalls Marty, who then was 11 years old. "Each time he was able to buy his freedom. He had given flour away to many people who prayed for him and helped. The new government took everything we had."

The Stoenkis escaped Russia and walked to France, where they lived a year, and then to Bucharest, Romania, where they remained two years. In Bucharest, the Stoenkis lived over a bakery where their father learned the trade. From Bucharest, they moved to the port of Hamburg, Germany, where there were ships leaving for the United States. It took a year there to save enough money for the family to travel steerage to the U.S.

"It was the greatest sight of my life," recalls Marty, "when I saw the Statue of Liberty and we debarked at Ellis Island on Christmas Eve."

The family survived the 15-day journey by ship without any funds. The elder Stone went to work in a laundry in Hoboken, N.J., for an uncle, and another relative then came forward with the $50 loan so that the family could move to Baltimore.

The Stones moved to Lombard Street upon their arrival and have been an institution there ever since.

Still in use, but now only to heat coffee, is an old open gas stove, one of the original appliances that the elder Stone turned up with the original $50 loan.

After their father died in 1945, the family continued to prosper with the bakery. Marty, who worked with his father from the start, continued. Ludgee, who began in the bakery when he was 10, was serving in the Army in Italy during World War II when the elder Stone died, but after he was discharged he returned to the bakery.

Through the years, the Stones have done well. While the family has made a profitable living from the bakery, none of their children is interested in taking it over.

What will happen when the Stones die or retire? Says Marty: "We'll probably turn it over to our employees or close up. The master baker is a dying breed."

THE WAR IN CAMBODIA

Mr. KENNEDY. Mr. President, Cambodia was the last nation of Indochina to fall victim to the Vietnam war and, today, it is destined to be the last to see it end. The bloody and senseless rocket attacks on Phnom Penh this past weekend underscore again the high level of violence which continues unabated in Cambodia. Each day the war drags on, tragedy is piled upon tragedy.

Some say that the conflict in South Vietnam has become a "cease-fire war." At least in Cambodia, where a cease-fire has never been declared, the conflict is labeled for what it is—war. But, as in the past, the true measure of the violence is the toll in civilian war casualties and refugees.

Over the past year the number of new refugees created by the conflict has climbed by at least 500,000. These homeless men, women, and children have joined the ranks of over 2 million other refugees who have been displaced since 1970, after the escalation of the war into Cambodia following the American and South Vietnamese army invasion.

The Cambodian Government now controls less than 20 percent of the land, and the few provincial towns that remain under its control are bulging with new refugees. Agricultural life has been so disrupted that Cambodia's once plentiful supply of rice has turned into a scarcity that threatens famine if American shipments of food were to stop.

But nothing symbolizes more the cruelty and mindless character of the war in Cambodia, than the rocket and artillery attacks on the marketplace and civilian areas of Phnom Penh last week. These attacks are an outrage against humanity and the laws of war. Their horror is hardly lessened because they are only the latest in a long series of outrages from all sides against the lives of innocent women and children.

Although America is no longer directly involved in Cambodia—and American airmen have, by an act of Congress, stopped their bombing—we are still involved in Cambodia, even if indirectly. For America continues to provide the

weapons of war—to the tune of several hundred million dollars this year.

Mr. President, the lingering and bloody war in Cambodia deserves better of our diplomacy. It is time for the administration to take the continuing tragedy of Cambodia off the back burners of the State Department and actively pursue renewed efforts to negotiate a cease-fire. And, if this administration truly cares about the people of Cambodia, it will support humanitarian relief and assistance programs with the same determination it now supports military aid.

In light of the escalating violence today, our Government should immediately offer additional support to those international and voluntary agencies now working to help the refugees and war victims of Phnom Penh. To date, and only after long congressional pressure, some $4 million out of a total economic aid package of $105 million, have been earmarked for humanitarian assistance programs in Cambodia.

Following the recent rocket attacks on Phnom Penh our Embassy reportedly offered less than $10,000 in local currency to help an estimated 10,000 homeless victims of those attacks—or just $1 to help each war victim.

Mr. President, America can do better than that—and the war victims of Cambodia deserve better than that.

There are available channels and organizations to use whatever humanitarian assistance our Government provides—from the Indochina Operational Group of the International Red Cross, to a host of American voluntary agencies. They can and want to do more to help Cambodia's war victims, if only they are given the resources to carry out their programs.

The outrage last week in Phnom Penh—where hundreds were killed and thousands made homeless by an act of senseless violence—must not now be matched by a nearly equal outrage of neglect and a failure of our Government and others to help those in Cambodia who so desperately need help.

That would be an outrage against America's longstanding tradition of humanitarian concern and leadership.

JANET WURTZBURGER

Mr. MATHIAS. Mr. President, it is unusual to the point of paradox to be known for strong and vigorous community leadership in many fields and at the same time to be known for gentleness and generosity. And yet that was how Janet Wurtzburger was known.

Her life was a lesson in gentleness and beauty. I never heard her raise her voice to try to overwhelm by sheer volume; she convinced through the depth of her own conviction. She surrounded herself with beauty which she shared abundantly with her friends and with the public.

The force of her leadership was nonetheless very powerful and very real. She could command the attention and cooperation of influential figures in the governmental, social, cultural, and business worlds. Projects that she endorsed were destined for success, because of her approval and support.

But to her friends, it was not her influence, but her character that appealed. She was always willing to help and always reluctant to question. In the universal sense, she loved her neighbors and they, understandably, loved her.

It was a twist of fate that such a spirit could have been extinguished by a violent, anonymous, lightning act of negligence. The careless driver who struck her on a rural Jamaican road and then ran away rather than stopping to help is still not identified. Little though he may realize it, she would be the first to forgive. I hope the Government of Jamaica may some day find him, so that he may learn the measure of the unique life he destroyed, and that by that measure his appreciation of human life would be so enhanced that never again would be threaten, by any act of commission or omission, the safety and health of another fellow creature on this planet Earth.

I ask unanimous consent that the accompanying articles about Mrs. Wurtzburger from the Baltimore Sun be printed in the RECORD.

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

REMEMBERING JANET WURTZBURGER

People are remembered as variously as their acquaintanceship is large, and Janet Wurtzburger, who was killed last week in Jamaica, had a very large acquaintanceship. A friend of ours, who knew her, wrote us a letter when he heard of her death.

"I cannot claim any long-standing or intimate acquaintance with Mrs. Wurtzburger," he wrote, "but on a number of occasions she was kind to me for no other reason—there was nothing I could do for her—than that she wanted to be. I first met her some years ago, but didn't see her again until a party something over a year ago. Recently she had become almost as well known for her love of cooking as for the sculpture collection which her husband (the late Alan Wurtzburger) and she assembled and which is so magnificently displayed in the garden of their home in Baltimore county. At the party we talked a little about cooking, and I expressed an interest in learning more about it.

"A few weeks later I received an invitation to her house for dinner. She was one of three cooks—she often liked to have people over to prepare a meal with her—and she made a delicious chicken creation which everyone admired. Some time after that she called to suggest that we go to a new French restaurant together. We went, and had a fine time talking about the menu, the food, the surroundings, the service. She gave me the benefit of her knowledge about each course, and when we got home she ran upstairs and plopped down on the floor of her sitting room to pull out old copies of *Gourmet* and look up a recipe for one of the dishes we had both enjoyed, a sort of Italian rice fritter. After I left she sat down and wrote me a long letter into which she put some more thoughts about the meal.

"Not long after that her sculpture garden was open, as it was every so often, and I took my mother, who had never seen it, out for a tour. As we were walking around, Mrs. Wurtzburger caught sight of us, insisted that we see the inside of the house, too, though it wasn't open, and pointed out to my mother the charming little Henry Moore pieces that echo the giant sculpture outside.

"On another occasion she asked me to a dinner at which the only other guest was Dr. Milton Eisenhower. Dr. Eisenhower didn't like big parties, she explained when she called up to issue the invitation, and so it would be just the three of us. I picked him up at his house, and on the way out he remarked that he was particularly fond of a certain kind of nut—I forget now which kind—and that every time he went to Mrs. Wurtzberger's he found a bag of the nuts in his coat pocket when he left.

"We had a simple but elegant dinner of sweetbreads that evening, and at one point the conversation turned to sculpture. Mrs. Wurtzburger mentioned that some time before she had loaned her beautiful Giacometti to a show in Pennsylvania, and that the people had called her up mortified that the back of it—a figure of a standing man—had received a large scratch, they didn't know how.

"They told me they would have it 'repaired,' Mrs. Wurtzburger said, 'and asked me if I wanted to see it first. I said no, I couldn't stand to see it, to fix it and send it back. So they did, and I had it put back in place, and I've never looked at the back of it since then.'

"We didn't stay late; when we left Mrs. Wurtzburger pressed a dozen eggs on each of us—she had her own hens, and got good brown country eggs from them. As we got to the car I reached into the pocket of my overcoat for my keys and pulled out a bag of nuts, put there by mistake. I handed them to Dr. Eisenhower. 'I told you so,' he said."

It was only last month that Janet Wurtzburger assembled her special friends for one of Timberlane's best parties yet. James Beard was there, to issue verdicts on the loaves of home bread that everyone was enjoined to bring. It was only the month before that her book was published: the elegantly illustrated collection of various persons' favorite recipes published by the Walters Art Gallery, with Mrs. Wurtzburger as editor. And it was just a short while earlier still that—so the memories hover round, in silent swarm, when the news is that a Baltimorean of prominence and respect has met sudden, premature death abroad.

It was somewhat the same in 1963, when Alan Wurtzburger died. As collector and donor, specializing in primitive art and modern sculpture, he and she together had in scarcely ten years opened Baltimoreans' eyes and minds to unfamiliar domains. Husband and wife were mutually animated by this passion for art, and brought to it unprecedented rapports—with living artists, with museum directors. One story of the 1950's was that Adelyn D. Breeskin, asked what the Baltimore Museum of Art needed next, said "Pre-Columbian." Duly, a couple of years later, it received an outstanding accumulation in that field. Now, the expectation is, the sculpture garden from the Wurtzburgers' Stevenson estate will form "an outdoor wing" at the museum.

Cohn, May, Jacobs, Epstein, Wurtzburger—a museum, a whole city's art appreciation, depend on not only the generosity but also the discriminating judgment of a few memorable individuals, Janet E. C. Wurtzburger did wonders to make this an even more livable city.

JANET WURTZBURGER

One of the world's finest private sculpture gardens graces the lawns and hills and slopes and woods at Timberlane, in Stevenson in Baltimore county; and now its mistress is dead, suddenly and tragically in an accident in Jamaica. Those who knew Janet Wurtzburger's love for those modern masterworks will find it hard to imagine them without her. But it is as a public benefactor rather than a private collector that Baltimore is permanently indebted to Mrs. Wurtzburger and her late husband, Alan, who died a decade ago. Prominent among the elements that make the Baltimore Museum of Art the excellent and vital place it is are two magnificent collections donated by the Wurtzburgers. The first was a notable, indeed a

brilliant, gathering together of African, pre-Columbian and Oceanic art. The second, given after Mr. Wurtzburger's death, was a major portion of the modern sculpture the couple had collected with such care, discernment and affection. As we join Mrs. Wurtzburger's family in grief at her death, we also as citizens express a deep sense of gratitude for her benefactions to the community.

UNEMPLOYMENT AND THE ENERGY CRISIS—A MANDATE FOR 500,000 PUBLIC SERVICE JOBS

Mr. CRANSTON. Mr. President, on Thursday, February 14, 1973, I was privileged to chair a most enlightening hearing in Los Angeles, Calif. This hearing was a joint effort of the Senate Labor and Public Welfare Committee's Special Subcommittee on Human Resources, which I chair, and the Subcommittee on Employment, Poverty, and Migratory Labor. It was the beginning of a series of hearings that the Employment Subcommittee, under the able chairmanship of Senator GAYLORD NELSON, of Wisconsin, will hold in the coming months on the job impact of the energy crisis.

In addition to the most valuable contribution made by the participation at the hearing of Senator MONDALE, the subcommittee was privileged to receive testimony from a number of distinguished and knowledgeable witnesses. The insights and expertise shared with us by important public officials—including the mayor of Los Angeles, Tom Bradley, the chairman of the Los Angeles County Board of Supervisors, Ken Kahn, and former Secretary of Labor, James Hodgson—as well as representatives of labor, industry, and community-based groups, were most helpful in enabling us to explore numerous aspects of the current unemployment situation in California as it is affected by the energy crisis. We also received excellent testimony from economists Robert K. Arnold and Michael Peevy. All of this testimony was extraordinarily useful and I look forward to learning more about the problem, and receiving further recommendations for possible solutions, in the months ahead.

Mr. President, a combination of the testimony presented at the hearing, and information made available to me prior to the hearing, has convinced me that the job impact of the energy problem confronting California and the Nation can be absolutely devastating to the lives of millions of Americans and their families. I believe that one step we can and must take immediately to deal with this threat is to create many more jobs in public service and industry.

Last March, I introduced legislation, the Public Service Employment Act of 1973 (S. 793), which would provide for a continuing program of public service employment producing 1.15 million public service jobs, and would operate in much the same way as the highly successful Emergency Employment Act of 1971.

In the interim, however, we can take advantage of legislation enacted into law this past December, the Comprehensive Employment and Training Act of 1973. Under this act, I fought for and we established, in law, an "open-ended" authorization of appropriations for public service employment jobs.

At last week's hearing, I announced my intention to propose, with Senator MONDALE and Senator JAVITS, an amendment to the second supplemental appropriations bill when it is considered this spring, to add $1 billion for public service jobs under title I of the new act. These funds would be distributed throughout the Nation for public service employment, and not just in areas of high unemployment—6½ percent—which is the case under title II of this act.

This $1 billion would be in addition to the $250 million already earmarked and in the budget for distribution under title II. The total of $1.25 billion would equal the amount spent in fiscal year 1973 under the Emergency Employment Act.

For fiscal year 1975, we will then propose an appropriation of $2 billion for this same purpose—in addition to the $350 million specifically earmarked under title II for 6½ percent unemployment areas.

These two appropriations would provide sufficient funding for about 500,000 new public service jobs across the Nation over the next year.

Mr. President, our plan would bring about a six-fold increase in the 83,500 public service jobs which the administration will make available under the new program enacted last December 28. There are signs already that the administration will soon itself abandon its limit on public service funding of $600 million through fiscal 1975.

This would mean many more jobs for Vietnam era veterans, as a result of an amendment I wrote into law. For them, unemployment shot up one full point—a 20-percent increase—last month, and the rate for the under-25-year-old veteran exploded 3 full points—from 7.5 to 10.6 percent.

We need not raise taxes to find the funds for these public service jobs. First, the $3.6 billion spent over the next year or so would result in savings in welfare payments and unemployment insurance and increased tax revenues of about $1.44 billion. In addition, it has been estimated by the Joint Congressional Economic Committee that for every 10 public service jobs created, 4 private sector jobs will be created immediately and that eventually, over the next 18 to 24 months, another 6 will be generated from the GNP increase resulting from those 14 jobs.

California, alone, received $217 million of the first $1.2 billion allocated under the Emergency Employment Act, and a year ago—at the height of EEA funding—some 20,000 Californians held jobs under the EEA.

But creating jobs for Government services, for police and fire departments, for schools and health services, for park and road maintenance, for nursing home assistance and all the other services necessary for insuring a high quality of life for all Americans, is not the whole answer to our current problem.

Mr. President, I dealt with other aspects and other possible answers to the current problem in my opening remarks at the Los Angeles hearing on unemployment and the energy crisis. I ask unanimous consent that the full text of these remarks be printed in the RECORD, followed by a February 15 article by Harry Bernstein from the Los Angeles Times, entitled "500,000 New Public Service Jobs Foreseen."

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

OPENING STATEMENT OF SENATOR ALAN CRANSTON

It is fitting that we open the first hearing on unemployment and the energy crisis here in California where there are 700,000 unemployed persons—far more than any state in the nation. Only one other state—Michigan, according to the Bureau of Labor Statistics—has experienced so drastic an increase in unemployment due to shortages of basic resources in the course of the last two months.

Today's hearing is a joint effort of the Senate Labor and Public Welfare Committee's Special Subcommittee on Human Resources, which I chair, and the Subcommittee on Employment, Poverty and Migratory Labor. It is the beginning of a series of hearings that the Employment Subcommittee, under the able chairmanship of Senator Gaylord Nelson of Wisconsin, will hold in the coming months on the job impact of the energy crisis.

Today, we will be concerned specifically with the current unemployment situation in California as it is affected by the energy crisis. Together, we will try to answer a number of questions of importance to all Americans, and of particular importance to Californians.

Is California going to experience even more intolerable levels of unemployment in the foreseeable future, and, if so, from what causes?

Which industries and occupations will be hardest hit, and for how long?

Are current public and private sector responses sufficient to deal with the present 7.3 percent statewide unemployment rate, let alone projected increases in that rate?

Should we be taking steps now to alter or strengthen existing responses, such as manpower training and retraining, public service employment, extended unemployment insurance, special short term aid to failing businesses, and Federal, State, and local fiscal, employment, construction, and procurement policies?

Do we need to develop wholly new mechanisms in order to better predict, and to respond to, the problems raised by such unemployment, and if so, what kinds of mechanisms?

These are difficult questions, and the answers will not come easily. But these are questions which I believe must be answered if we are to solve some of the difficult problems facing our Nation today.

I want to stress, however, we should not limit the remedies we develop to just energy crisis-caused unemployment—even if that term could be defined accurately. Programs initiated to cope with unemployment and develop jobs should not discriminate between the former employee of the plastics firm closed down for want of new petroleum materials and the former defense or aerospace worker out of work, off and on, for the last two years.

Clearly, one of the first responsibilities of

a democratic society is the maintenance of a stable economy—an economy which will provide all citizens with a fair opportunity to find work and earn a decent living.

The present Administration has not begun to fulfill that responsibility, and, in fact, has for the most part, ignored it. When this Administration took office in January 1969, the rate of national unemployment stood at only 3.4 percent. By December 1970, however—after a futile two-year attempt to control inflation by deliberately sacrificing jobs—unemployment stood at 6.2 percent, with 5.1 million Americans out of work.

Now the energy crisis is upon us and it is my feeling that, amidst talk of projected shortages, the credibility of industry data, voluntary conservation and now voluntary rationing, the fundamental problem of jobs is not receiving sufficient attention. National unemployment took its biggest one month jump in four years last month to 5.2 percent of the work force.

Right now some 4.7 million Americans are unemployed, and we are fast approaching the 5 million mark of 1970.

And now, in addition to the numbers game, which this Administraiton has played so adroitly in the past, we have a language game, better known as "if the definition doesn't suit you, change it." I'm sure most economists, who are accustomed to using the term "recession" to mean two subsequent quarters of no economic growth, were somewhat surprised when Herbert Stein, chairman of the President's Council of Economic Advisers, said recently that this definition was simplistic, and that two straight quarters of shrinkage would not necessarily be a recession.

After all, the President did say, in his State of the Union address, that "there will not be a recession" this year. He should have said "another recession" since his policies brought on the 1970 recession. Now, he seems to have found the perfect anti-recession measure—a firm voice, a fixed stare, and executive flat.

I guess that, despite all the economists' predictions to the contrary, there won't be *another* one—not as long as the Administration redefines the word recession to mean something other than the standard historic usage.

The fact remains, however, that there is a consensus of opinion among most economists that we are heading for a recession, and the fact remains that there are 4.7 million people out of work. 4.7 million people approximates the entire civilian labor force of Iowa, Kansas, Missouri, and Nebraska being out of work at the same time. Or, if one could imagine the approximate total civilian labor force of Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming, Alaska, Idaho, and Washington being unemployed at the same time, then one could begin to appreciate the dimension of the problem in terms of numbers of ruined lives and livelihoods, when we speak of a national unemployment rate of 5.2 percent.

These numbers represent hundred of thousands of individual personal tragedies—something this Administration has never seemed to understand. The hard facts are that these numbers represent human beings, and that words, such as "recession", define a situation which bears directly upon the human condition of all Americans.

Here in California—700,000 people are out of work, and more than 20,000 applicants for unemployment compensation have in recent weeks attributed their layoff to the energy crisis.

A survey by the Los Angeles Times developed the following examples of present and projected hardship resulting from the energy crisis:

The Los Angeles Department of Water and Power has implemented a mandatory 10 percent cutback of electricity usage.

The State Public Utilities Commission is asking for a 15 percent cutback in industrial electrical usage.

Unemployment in heavily industrialized Compton is up from 9 percent in December to 12 percent in January.

Attendance at some of southern California's top tourist attractions, such as Marineland and the Queen Mary, are off 40 to 50 percent.

Hotel/motel and related tourist businesses have already begun to suffer around the state. In the Morro Bay-Pismo Beach area, business is off as much as 25 percent. In San Luis Obispo, room-occupancy figures are down 10 to 20 percent. In San Diego, attendance is off 10 percent or more at the San Diego Zoo and Sea World. And two major conventions to be held there totaling 5,000 to 6,000 delegates have been cancelled because of the energy crisis.

Pacific Southwest Airlines (PSA), the state's major commuter airline, has already laid off 500 workers in one of the state's largest energy-related cutbacks. Air traffic at Orange County Airport, the nation's busiest in the number of takeoffs and landings, has dropped off by 10 to 15 percent.

What is to be done to mitigate the long-range impacts of these cuts on the men and women of California and the nation, who must have jobs to support their families and themselves?

The President's Council of Economic Advisors—those paladins of computer-assisted optimism—projects only a one percent real growth in the national economy for the entire year, along with a 5.5-percent unemployment rate. Yet we know that we can expect our labor force to grow by 2.4 percent or some 1.6 million workers, in 1974.

What should be done?

A major difficulty in attempting to answer this question is our ignorance.

The oil industry supplies most of our information concerning domestic fuel resources and production. Currently, there is great skepticism regarding the available data, and many feel that industry figures cannot be relied upon.

So we don't really know—and we must know—what the fuel situation is today, let alone what it is likely to be in the months ahead.

Moreover, the functioning of our economy, itself, is not understood in sufficient detail for us to know precisely what impact a shortfall in petroleum resources for a specific industry will have upon jobs and production.

The Arthur D. Little consulting firm did do a careful analysis of the potential consequences such a shortfall might have for an industry that manufactures plastic parts from a substance called "feeder stock", a petroleum by-product. The A.D. Little study shows that a 15 percent cutback in feeder-stock to this one industry—about $7 billion in annual sales nationally—would result in shortages and ripple-effect unemployment for the nation ultimately of between 1.6 and 1.8 million workers, with a loss of productivity of more than $65 billion.

I am not suggesting that the A.D. Little study is the last word. What does seem clear to me, however, is that the job impact of the energy problem is potentially devastating to the lives of millions of Americans and their families.

The hearings we are beginning today in Los Angeles will attempt to deal with this threat by gathering all available information, and developing proposals for coping with the situation, as it exists now, and as it may exist in the not too distant future.

Let me begin by suggesting *one* major step we can take immediately to create a potential of one million jobs in public service and industry to forestall the recession economists are warning us is on the way. In 1971—when unemployment stood at 6 percent—we funded a $1 billion Public Service Employment program. The job opportunities created by that program were not just for the disadvantaged. Right here in California, the Emergency Employment Act provided many aerospace workers and engineers with the opportunity to earn and contribute to the public good, despite the fact that their industry was suffering catastrophic cutbacks. A year ago, at the height of the E.E.A., there were 20,000 employed in California under that Act.

Last March, I introduced legislation, The Public Service Employment Act of 1973 (S. 793), which would provide for a continuing program of public service employment, and would operate in much the same way as the Emergency Employment Act. Under my Act, 1.15 million public service jobs would be created.

In the interim, however, we must take advantage of legislation enacted into law this past December, the Comprehensive Employment and Training Act of 1973, legislation written by this committee. Under this Act, I fought for and we established, in law, an "open-ended" authorization of appropriations for public service employment jobs.

I plan to take full advantage of that "open-ended" authorization to help deal effectively with the present job shortage. I intend to propose, along with Senator Mondale, an amendment to the Second Supplemental Appropriations bill this spring, to add $1 billion for Public Service Employment jobs under title I of the new Act. These funds would be distributed throughout the nation for public service employment, and not just in areas of high unemployment—6½ percent—which is the case under title II of this Act.

This $1 billion would be in addition to the $250 million already earmarked and in the budget for distribution under title II. The total of $1.25 billion would equal the amount spent in FY 1973 under the Emergency Employment Act.

For fiscal year 1975, we will then propose an appropriation of $2 billion for this same purpose—in addition to the $350 million specifically earmarked under title II for 6½ percent unemployment areas.

These two appropriations would provide sufficient funding for about 500,000 new public service jobs across the nation over the next year.

Our plan would bring about a 6-fold increase in the 83,500 public service jobs which the Administration will make available under the new program enacted last December 23. There are signs already that the Administration will soon itself abandon its limit on public service funding of $600 million through fiscal 1975.

This would mean many more jobs for Vietnam era veterans, as a result of an amendment I wrote into law. For them, unemployment shot up one full point—a 20% increase—last month, and the rate for the under-25 year old veteran exploded 3 full points—from 7.5 to 10.6%

Our effort to obtain these funds will be a bipartisan one. Senator Jacob Javits of New York, the ranking Republican on the Labor Committee and a leader in the public service employment field who last week introduced his own $4 billion two year P.S.E. bill, has indicated his agreement with the immediate appropriations approach I am proposing.

We need not raise taxes to find the funds for these public service jobs. First, the $3.6

billion spent over the next year or so would result in savings in welfare payments and unemployment insurance and increased tax revenues of about $1.44 billion. In addition, it has been estimated by the Joint Congressional Economic Committee that for every 10 public service jobs created, 4 private sector jobs will be created immediately and that eventually, over the next 18 to 24 months, another 6 will be generated from the GNP increase resulting from those 14 jobs.

Thus, we can create 1 million new jobs in the public and private sectors with an investment of $2.2 billion.

The remaining $2.2 billion could come out of the "fat" in the $30 billion authorized for maintaining some 2,000 U.S. military bases and installations in about 30 foreign countries. Many of these bases are oversized and obsolete. The United States has more than 600,000 troops abroad, more than half of them in Europe.

These kinds of military spending cuts would improve our balance of payments—a significant factor in causing the international instability of the dollar. They also would create more civilian jobs here at domestic military bases to support standby troops here instead of abroad. Right now, we pay 150,000 foreign civilians to work at our overseas bases. As we reduce our overseas troops and bring them home, we can bring a lot of those civilian jobs home too.

California, alone, received $217 million of the first $1.2 billion allocated under the Emergency Employment Act, and a year ago—at the height of the E.E.A. funding—some 20,000 Californians held jobs under the E.E.A.

But creating jobs for government services, for police and fire departments, for schools and health services, for park and road maintenance, for nursing home assistance and all the other services necessary for ensuring a high quality of life for all Americans, is not the whole answer to our current problem.

We must also explore ways in which we can make the private economy work more effectively for the nation as a whole.

California—a state where the economy has contributed much to the space and defense efforts of this nation—knows well how effectively private enterprise can be put to work for the good of the whole community.

Another way to deal with energy crisis unemployment could be through the bill, S. 2809, which Senator Mondale and Senator Hart introduced in December, designed to prevent economically unjustified plant closings. The bill offers many novel approaches which deserve the most serious consideration. I feel we must take appropriate steps to eliminate the enormous disruption in the lives of workers, and their families, victimized by unexpected shutdowns of business enterprises.

In addition to putting private sector jobs to work for the nation, we must rapidly expand our investment in areas that provide jobs while conserving fuel resources and preserving the environment. Such areas include mass transit equipment and facilities, the construction of anti-pollution facilities, and programs to ensure orderly growth in our countryside and physical regrowth in our cities.

It seems to me that it is quite possible, as well as absolutely necessary, to put the entire American work force to work on the numerous tasks which must be carried out if we are to preserve the environment and our standard of living—through the cooperation of industry, labor, local and national government, citizen groups, and economic experts.

There are other steps we should be taking now to deal with other aspects of the energy crisis and to contain the rampaging inflation which by the end of last year cost the average American wage-earner a dollar and a quarter to buy the same food he bought a year before for a dollar.

First, steps should be taken to freeze fuel prices, and those fuel prices that are found to be excessive and not directly related to oil price increases imposed by Middle East oil producers should be rolled back. My distinguished colleague, Senator Mondale, has been a leader in the fight for legislation to bring this about.

Second, steps must be taken to curb the potentially inflationary profits being accrued by the oil industry. An excess or windfall profits tax on the oil industry is one possible solution to this problem.

Third, and related to the problem of excess profits taxes, is the problem of how we can insure that industry reinvests a fair proportion of those profits in expanding capacity and new technology, so that the national goal of energy self-sufficiency becomes a reality for the not too distant future, rather than a far off dream.

Fourth, this country must re-evaluate its priorities. If we are ever going to reduce the enormous national debt, we must get a grip on defense spending, once and for all. Defense spending—especially the $30 billion spent overseas—is the biggest drain on our economy in the federal budget, and it is by far the most inflationary. It also adversely affects our balance of payments.

Fifth, is the need for tax reform. Our loophole-ridden tax system clearly has an effect on our economy and employment, which I do not believe has ever been thoroughly understood or accepted. More importantly, it is simply inequitable. Our society is based on the idea that a worker is going to get a fair share, but far too many workers are just not getting it under the present tax system.

In recent weeks, I joined with Senator Kennedy in taking two simple steps toward tax reform. First, the Senate voted to increase the income tax personal deduction from $750 to $850. Second, we adjusted the minimum tax to plug loopholes to raise $860 million in revenues from the very, very wealthy. The measures failed, but we are going to press for substantial reforms this year, and I think there's a good chance for some action on the Senate side.

Sixth, we must remedy the inexcusably low pay that literally millions of workers are receiving with the present minimum wage of $1.60 per hour. Aside from being substantially below the federal defined poverty level, this wage is simply creating "slave labor." The Labor and Public Welfare Committee last week reported out another minimum wage bill—to raise the minimum to $2.20. We must enact this bill over another veto, if necessary.

These hearings, then, will explore what is known about the unemployment problem, and what we can do to learn more and to develop workable solutions to meet it.

We are privileged today to have at this hearing, representatives of many of these sectors of our society involved with these complex determinations and decisions.

I am especially honored to welcome, as our first witness, the distinguished Mayor of Los Angeles, the Honorable Thomas Bradley.

[From the Los Angeles Times, Feb. 15, 1974]

ABOUT 500,000 NEW PUBLIC SERVICE JOBS FORESEEN—CRANSTON PREDICTS CREATION WITHIN 2 YEARS AS MEANS OF COMBATING GROWING JOBLESSNESS

(By Harry Bernstein)

The creation of 500,000 new public service jobs within two years was predicted here Thursday by Sen. Alan Cranston (D-Calif.) as a means of averting a growing unemployment problem.

In California alone, layoffs have reached 3,000 a week because of the energy crisis, a top state official has estimated.

Cranston made his prediction while conducting a hearing here of a Senate Labor Committee subcommittee looking into the energy crisis impact on unemployment.

Most of those testifying supported the proposal for public service jobs along with others aimed at curbing the growing unemployment rate.

The estimate of 3,000 job losses a week in California was made in Sacramento by Dwight Geduldig, director of the California Employment Development Department.

By July 1, he said, fuel-related job losses could hit 100,000. When asked how long the layoffs will continue, he replied, "When are we going to get some oil?"

Similar reports of growing joblessness have come from most other states, and proposals to deal with the problem were heard here before the subcommittee chaired by Cranston, with Sen. Walter F. Mondale (D-Minn.) assisting.

Most of the witnesses agreed with Los Angeles County Labor Federation Secretary Sigmund Arywitz that the nation "is on a collision course with economic disaster."

Cranston said present law permits creation of public service jobs, and he will introduce legislation to appropriate the $3 billion it will take to finance a giant job program under which the federal government finances jobs set up by local-level governments.

The first $1 billion should come up as an emergency fund appropriation in April or May, he said, with another $2 billion to be made part of the regular federal budget for fiscal 1975, due on the Senate floor by July.

The Administration, he said, is so far limiting its support to a plan which would create about 83,500 jobs at a cost of $600 million, but he said there are indications from the White House that Mr. Nixon may soon support a substantial increase in that plan.

Cranston said he believes his proposal will be approved by Congress.

Cranston contended the $3 billion needed to finance the creation of 500,000 jobs could be done without a tax hike because cuts in welfare and unemployment compensation payments and increased tax revenues from the newly employed would be worth $1.4 billion to the government. The rest, he maintained, would come from what he called the "fat" in the $30 billion authorized for maintaining 2,000 U.S. military bases and installations in about 30 foreign countries.

Both he and Mondale said it is "disgraceful" for the Administration to continue closing military bases in this country, including Ft. MacArthur here, while making no significant cutbacks in U.S. military bases abroad.

Cranston said the $2.2 billion needed to provide the funds for new public service jobs could come by cutbacks in U.S. military operations abroad, "many of which are oversized and obsolete."

Supervisor Kenneth Hahn warned of "massive unemployment" in this area, and "dramatic increases" in the welfare rolls unless action is taken to offset the impact of the energy crisis.

Arywitz said Nixon Administration policies ranging from encouragement of high interest rates to the "mindless refusal to spend money allocated by Congress" helped bring about the present threat to the nation's economy.

John F. Henning, head of the California State AFL-CIO, said there are already 700,000 Californians actively seeking work, and

called that level of unemployment "intolerable."

He called for an end to wage controls and high interest rate policies, imposition of an excess profits tax on all industries, regulation of the oil industry as a public utility, liberalization of jobless benefits and new financing for public service jobs.

Major Tom Bradley outlined the problems facing Los Angeles, and urged increases in small business loans and jobless benefits; new funding for jobs in high unemployment areas; increased job-training programs, and creation of a "Joint Economic Revitalization Board for Southern California" to help the area deal with the impact of the energy crisis.

RECESS

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess until the hour of 1:30 p.m. today.

The motion was agreed to; and at 12:52 p.m., the Senate took a recess until 1:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HATHAWAY).

ENERGY EMERGENCY ACT—CONFERENCE REPORT

The PRESIDING OFFICER. The Senate will now resume the consideration of the conference report on the bill, S. 2589, which the clerk will state.

The legislative clerk read as follows:

A report of the committee of conference on the disagreeing votes of the two Houses to the bill (S. 2589) to authorize and direct the President and State and local government to develop contingency plans for reducing petroleum consumption, and assuring the continuation of vital public services in the event of emergency fuel shortages or severe dislocations in the Nation's fuel distribution system, and for other purposes.

The PRESIDING OFFICER. The time for debate on this conference report, until 4 p.m., shall be equally divided and controlled by the Senator from Arizona (Mr. FANNIN) and the Senator from Washington (Mr. JACKSON).

Mr. NUNN. Mr. President, I ask unanimous consent that a communication from the Department of Health, Education, and Welfare relative to the Federal Food, Drug, and Cosmetic Act and the Fair Packaging and Labeling Act be jointly referred to the Committee on Commerce and the Committee on Labor and Public Welfare.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NUNN. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ALLEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERSONAL STATEMENT OF SENATOR ALLEN

Mr. ALLEN. Mr. President, I yield myself 3 minutes from the time controlled by the distinguished Senator from Washington (Mr. JACKSON).

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. ALLEN. Mr. President, yesterday I was designated by the Vice President, upon the suggestion of the distinguished majority leader, to deliver Washington's Farewell Address in the Senate. This has been the custom in the Senate since a resolution was adopted by the Senate on January 24, 1901.

I had looked forward to discharging that assignment. However, during the Senate recess for the Lincoln and Washington birthday holidays, the President of the United States accepted an invitation to come to Huntsville, Ala., to deliver an address there at ceremonies sponsored by the Sertoma Club, honoring America, the day being designated as Honor America Day.

So I felt it was my responsibility, along with my distinguished senior colleague (Mr. SPARKMAN) and Members of the House delegation, to be on hand to extend a cordial welcome to the President of the United States, who was visiting Alabama for the second time during his tenure as President.

For that reason, Mr. President, I asked the majority leader to get someone else to fill this assignment, and he did call on the distinguished Senator from Iowa (Mr. HUGHES) to deliver Washington's Farewell Address, which he did in his inimitable style.

Mr. President, I am happy to report that the President was extended a warm, southern welcome as he came to Huntsville and as he came to Alabama. A tremendous crowd assembled along the route from the airport to the park where the President spoke. There were no discordant voices heard in the tremendous throng.

The President made an outstanding speech on the subject of "What Is Right With America," and his remarks were received most enthusiastically by all those present. He was welcomed to Alabama by our distinguished Governor, the Honorable George C. Wallace, who appeared on the platform and who introduced the President of the United States.

There is a great reservoir of good will in Alabama toward the President of the United States, and certainly this good will was manifested on that occasion as the crowd, which was variously estimated at anywhere from 25,000 to 50,000, assembled for the purpose of greeting the President of the United States.

So, certainly speaking for the people of Alabama, we were delighted to have President Nixon come to Alabama. He is always welcome there. We invite him to come back any time that he is able to do so with the schedule that he has.

Mr. President, I make this explanation because I see no reference to it in the CONGRESSIONAL RECORD of yesterday, the statement being made merely that Mr. HUGHES delivered the address in lieu of the Senator from Alabama.

The Senator from Alabama wished to make an explanation of his absence from the Senate on that occasion and to explain why he was not here to carry out the assignment that had been entrusted to him.

Mr. President, I yield the floor.

Mr. FANNIN. Mr. President, I certainly want to commend the distinguished Senator from Alabama. As usual, he rose to the occasion and did what he thought was proper for his State and the Nation. I know he would like to have had the privilege of delivering the address, but he forewent that privilege so he could supply a proper reception for the President of the United States, and I respect him for that.

ENERGY EMERGENCY ACT—CONFERENCE REPORT

The Senate continued with the consideration of the report of the committee of conference on the disagreeing votes of the two Houses to the bill (S. 2589) to authorize and direct the President and State and local governments to develop contingency plans for reducing petroleum consumption, and asserting the continuation of vital public services in the event of emergency fuel shortages or severe dislocations in the Nation's fuel distribution system, and for other purposes.

Mr. FANNIN. Mr. President, we will soon be voting once again on still another version of the conference report on S. 2589, the Energy Emergency Act. This most recent version of S. 2589 contains nearly all of the infirmities of the older conference report plus additional infirmities.

If you desire to help perpetuate the energy crisis and with it unemployment, a decline in the gross national product, and predictably related outcomes, I would urge you to vote against recommittal and for passage.

On the other hand, if you want to help overcome the fuels shortage, increase domestic supplies, decrease U.S. dependence on costly and insecure foreign oil imports, keep American businesses operating and the labor force employed, you could help make it happen by voting for recommittal and against passage.

The time has come to end congressional demagoguery regarding the energy crisis and to start voting for measures to increase energy supplies.

Arizona has no oil production. Arizonans need to look to out-of-State sources for their oil and gas needs. In order to help them, rather than hurt them, meet their energy needs, I am voting for recommittal.

The Washington Post agreed with this position in an editorial of February 11. I ask unanimous consent that this editorial be printed in the RECORD.

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

OIL PRICES AND CONTROLS

For one narrow category of American oil production, a price roll-back makes sense. A limit needs to be set on the oil that is not currently controlled at all. But it is disingenuous for Sen. Henry Jackson (D-Wash.) to suggest that this kind of roll-back would result in large reductions in gasoline prices for consumers. The dispute revolves around a provision in the Energy Emergency Bill, which has been reported by the conference committee but still faces a sharp challenge from the oil state delegations in both houses of Congress. The first question is whether Congress ought to legislate oil price ceilings at all, and the second is where to fix them.

Legislating fixed ceilings, and trying to write prices into law, is always a bad idea. It is particularly dangerous when applied to a commodity like oil, the future prices of which are very difficult to predict precisely. Congress is, of course, thrashing about in frustration as it tries to find some way to express its constituents' wrath over gasoline costs. So far none of the various proposals to attack excess profits or to set prices has given any hope of working effectively. But there is one thing that Congress could do immediately. It could extend the price controls to cover all of our domestic oil production, not just part of it. That would compel the administration to set a top price for the oil that, under the present exemptions, is now selling for about $10 a barrel. The Energy Emergency Bill woud let the President put the ceiling as high as $7.09, which is just about the right range under present circumstances. But circumstances change quickly, as we have all seen, and Congress would be wiser to leave the figure flexible.

About one-fourth of our domestic production is now exempt from controls. The administration took the controls off oil from new wells to stimulate drilling, and Congress exempted small wells. The rest of our domestic production is controlled at $5.25 a barrel. Domestic production is two-thirds of the oil that we are now consuming. The country imports the other third, and the world price for crude oil is now around $10 a barrel.

The trouble with the present very high, uncontrolled prices is that they are inducing more expensive production than we are likely to need. It is perhaps a strange thought in midst of the present shortage. But it is important not to let the shortage chase us into extremely costly petroleum ventures that require $10 a barrel to be viable. Most evidence suggests that the Treasury Department is probably in the right range when it says that, over the next several years, the price of crude oil in the United States will come to rest at about $7. Since the administration itself assumes that the country does not need more expensive oil, it is hard to see any reason to induce production based on higher prices. It is not only the producers who have a stake in the question. If very high prices become established in practice, and a substantial part of the industry adapts to them, it can be expected to use its very considerable political influence to protect them.

The chief reason for expecting a price of $7 a barrel is that large new sources of oil become profitable at that figure. Shale extraction is one example, and coal liquification is possibly another. A number of economists also believe that, at that same price, conventional drilling and the present methods of recovery may give us enough oil to meet our national requirements.

Both the petroleum industry and the government often speak as though, except for offshore drilling, our domestic production has a rigid physical limit and is now irrevocably declining. In fact, the amount of oil drawn from a well depends on the price for which that oil can be sold. If the oil is forced up the well by the pressure of gas or water trapped underground, producing it is comparatively cheap. But in time the pressure will fall, and then recovery begins to get expensive. At that point it becomes necessary to pump the oil up. In time, again, the pump no longer reaches the oil. Then recovery becomes still more expensive, and perhaps the producer has to pump water or gas down to force the oil up. Or perhaps he just closes the well as exhausted. In this country wells have typically been shut down with two-thirds of the oil still in the reserve that it has tapped. But at present prices it will become profitable to get many of these wells back into production. It will also be worth sinking wells deeper in the old fields.

The administration is letting crude oil prices rise in order to induce more production. It is letting retail prices rise to discourage consumption. But both of these processes take time. Bringing in new wells and reviving old ones will take months and years. For the consumer, it will be a slow process of switching to more efficient cars and appliances, insulating houses and reorganizing patterns of commuting. To keep the shortages in hand during this time of adjustment, the country will require gasoline rationing. While some parts of the Energy Emergency Bill can better be deferred, the section providing the authority for rationing needs to be enacted immediately.

Mr. FANNIN. Mr. President, there are many reasons why I feel that it would be a great mistake to vote for this conference report.

Let me refer to some of the testimony given during the hearings held recently, on February 13 and 14, before the Committee on Finance.

Mr. C. John Miller, president of the Independent Producers Association of America, made the following statement with reference to the impact on gasoline prices:

The answer is so near nothing that it would be less than a cent a gallon. We have made calculations on the basis of rolling it back to the $5.25 Senator Jackson's bill proposed and then the President had to come to the Congress, I believe, and try to go back to the $7.09. Now that rollback would equate to about $4.26 a barrel on roughly 2½ million barrels, and mixing that across the entire stream of use of about 18 million barrels a day I think we will come out to something in the general range of a cent a gallon.

In further testimony, on the question of the impact on operations and future supply, Mr. Miller had this to say:

Less domestic crude oil would be the inevitable result of a price rollback because the independents would not be able to finance the greatly increased exploration activity which is required if we are to attain an acceptable level of energy self-sufficiency.

In fact, a price rollback hurts the independent producer to a far greater degree than the major oil company. This is so because independents drill 80 percent of the stripper wells.

With respect to the question of the impact on operations and future supply, Mr. A. V. Jones, Jr., president of the National Stripper Well Association, had this comment:

We have experienced since the prices have gone up recently a dramatic increase in every service that we use. Our service and supply people were discounting that $10 oil, they said it is going to be here. If we get a rollback in that oil it is going to shut the thing down just as quick as it turned it on.

Mr. C. John Miller, president of the Independent Producers Association of America, had this to say on the same subject:

We had a rig count up to 1440 during the month of December and it is now softened to 1350, and this indecision, this continual sniping that is coming into the industry is making many of the people reconsider the plans that they had made; and we can cite instances, specifics across the country in every oil-producing area operators have come back into business, where they have leased lands, started to rework old wells and putting together new drilling rigs, and these things will come to a screeching halt if we have this roll-back, not out of spite, but out of the fact there will not be the dollars to do the job.

Again, on the question of the incentives under the present price structure, Mr. A. V. Jones, Jr., president of the National Stripper Well Association, stated:

There is a lot of oil, as I say in my statement, I am saying tens of thousands and possibly as high as 50 to 100 thousands of these wells that have just been abandoned in the country because they weren't economical. We can bring this type of oil on immediately, and this oil would be available to us at a price lower than the world price is at this time. That is one thing we would like to see possibly in this bill that exempted the stripper well. We think these service wells that are involved in the water flood exploration and everything should be included as part of the well. They are costly to maintain, and should serve as much as the producing well in establishing a stripper well.

Those are just a few illustrations of what is involved as far as a price rollback is concerned.

Mr. President, I reserve the remainder of my time.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be taken out of both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President, I ask the Republican leader if I might have a few minutes at this time.

Mr. FANNIN. Mr. President, I would be very pleased to yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, like most of us I spent the past 8 or 9 days in my home State, traveling around the State and trying to sense what is on the minds of the people of Arizona.

Mr. President, we have unique State. It is the second fastest growing State in the Nation in population, and because of that and because of what I consider to be bad judgment on the part of the energy people back here, the southern part of my State is in very bad condi-

tion relative to fuel, while the northern part of the State, which is a heavily tourist occupied section in the summer, is not having any particular trouble at all.

Mr. President, we have grown about 14 percent since 1971, and yet the energy people have based our allocations on 1971, and have allowed us 83 percent of that period. This is not sufficient, and in spite of the excellent work done by my colleague from Arizona (Mr. FANNIN) in Congress, and by the Governor, we do not seem to be getting anywhere.

So the issue that is predominantly on the minds of my fellow citizens in Arizona is fuel. They could not care less about the energy bill that we have been debating about for the last 3 months; in fact, I think we have passed nine different pieces of legislation, and if we forget the Alaskan pipeline, which has been on our minds for many years, or the opening of the Elk Hills Reserve in northern California, I cannot recall one single piece of legislation passed by this body or the other that has made it possible for one American motorist to buy 1 more gallon of gasoline.

Mr. President, we have before us this afternoon an energy bill which, in my opinion, does not do anything for the American people, unless you want to count placing more regulations on the business of selling petroleum from wholesale to retail, or placing more emphasis on making it impossible for oil companies to operate and service stations to operate. Unless we want to continue to make it impossible to attract money to drill wells for oil and gas, or to do private research in the fields of new energy, this bill, in my opinion, not only should be recommitted but it should never see the light of day again.

The people of this country are not interested in what we are voting on this afternoon, because it does not do one single thing for the man who is out of gas. I happen to be in that category right now. My gas station that I do business with will not have gasoline until March 1. This is only a 5-mile walk, so I do not mind that, but I enjoy riding once in a while, just as every American does.

These are some of the problems that face us, in my opinion. We are told by the knowledgeable president of the Chase Manhattan Bank in New York that if we depend on petroleum to solve our energy needs, if we do not develop any new sources of petroleum in the near future, it is going to cost $1.350 trillion to get this country in a self-sufficient position once again. I am told by men for whom I have respect and upon whose judgment I rely that we need eight refineries this afternoon—not 10 or 15 or 20 years from now, but right now. It seems that we have a lot of crude oil in this country, but we do not have the ability to change it into the other forms of fuel that we need.

I think what this body should be doing, instead of trying to find out what is wrong with large oil corporations and small oil companies, is to start enticing people in this country who have money—which means individuals, companies, and corporations—into drilling wells for oil and for gas. We have practically done away with the depletion allowance that we used to use to get people to find fuel for us, and instead, for over 40 years a man who has been interested in producing petroleum for this country has been looked on as some kind of a crook.

I think it is time we say to American businessmen, "Look, if you have got the money to go out and risk drilling a well, we are willing as a Government to see to it that you have some return in the form of tax reduction in the event that you come up with an empty hole."

Mr. President, there are other things that we are short of in this country, that we have not been addressing ourselves to. When I visited Iran last December, I went out to visit an island in the Persian Gulf where they were loading tankers.

The smallest tanker in that 30-ship service station, if you want to call it that, was about a 100,000-ton tanker, and the biggest one ran around 250,000 tons.

Mr. President, I may be mistaken, but it seems to me that we have only one place on the Pacific coast that can handle a tanker of that size. There were 13 of those ships being loaded, with 52 waiting in line, as we waited a day to get filled up ourselves. On the other side of the island, there is one loading dock that will handle two 500,000-ton tankers. We have no place in the United States that will handle tankers of that size, and no longer do we build or even handle small tankers.

I can remember back in the 1950's, I think it was 1955, when I commissioned the U.S.S. *Hassayampa*, a tanker for the U.S. Navy of 55,000 tons. I will never forget it; I stood on the bridge of that ship and I thought, nothing will ever be built that is any bigger than this. But that today, Mr. President, by the present standards of oil producers, is a very, very small ship. But that is about the maximum size of tanker that we can handle easily in this country.

So when we get to the question of getting oil off the ships that are sailing to this country, we have to spend money. I do not believe in spending Federal money to solve problems that can be solved by the spending of private money, but we have to make it interesting, and there is nothing in this Energy Emergency Act that is going to make it attractive to produce more fuel, gasoline, JP–1 and PJ–4 for the jet aircraft and for private aviation, and for all the other uses we put fuel to in this country. Not one thing.

So, Mr. President, when the time comes to vote to send this bill back to the conference committee, I certainly shall vote for that, and I shall offer my hope at that time that it be forgotten and that we never see it on this floor again, but instead that the committee get to work and write some legislation that will enable Americans, in very short order, to purchase fuel for the engines that they need to run the wheels of this country. If that hope fails, then I think it is the duty of every Member of this body to vote against final passage, because this piece of legislation is not—I repeat, Mr. President, is not—in the best interests of the American people. It is completely phony, and I think the American people should be made aware of just what it contains. If it unfortunately passes, it would be my hope that the President would not sign it into law; it is that bad.

Mr. FANNIN. Mr. President, I commend my distinguished colleague for his very logical statement. We talk about lower costs without even preparing ourselves for self-sufficiency. In fact, what this bill would accomplish is very much against the best interests of this country. Some countries can transport oil across the waters for half of what it is now costing us, because—as my distinguished colleague has illustrated—we do not have the facilities to handle the supertankers now in use around the world.

This situation has existed for some time, and still many object to construction of modern facilities, and to other steps so essential to lowering the cost of fuel in this country. I congratulate my distinguished colleague very highly for his commendable statement.

Mr. BARTLETT. Mr. President, will the Senator from Arizona yield me 10 minutes?

Mr. FANNIN. I am pleased to yield 10 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER (Mr. HATHAWAY). The Senator from Oklahoma is recognized for 10 minutes.

Mr. BARTLETT. Mr. President, yesterday in the debate on this bill, the distinguished Senator from Washington made a number of statements on which I should like to comment.

For example, he stated that this measure—

> Will save consumers $20 million a day in cheaper fuel costs and will still allow the oil companies financial returns sufficient to finance new investment and enjoy reasonable profits.

I think that this figure is misleading. There is no justification for it. The figure given by the FEO is that, if the consumers of this country receive all the benefits from the rollback in that 20 percent, or actually 18 percent of the total consumption of oil in this country, when they purchase a gallon of gasoline they will receive 1.4 cents in savings, or 14 cents on a 10-gallon purchase.

That 14 cents is a very small investment with the assurance that we will have an ongoing program to find additional supplies of oil and gas and energy in this country.

We had a distinguished Harvard professor testify before the committee. Later, he sent a letter to the distinguished chairman and pointed out that in his estimation, about $2 billion in savings could be realized, instead of the $7.3 billion as stated by the Senator from Washington. Then he pointed out that the $2 billion in higher costs that exists with the free market operating today, compared to the problems of the shortages we now have of 2 million barrels per day, with the multiplier effect would cause a reduction in the Gross National

Product of $50 billion if that $2 billion had not been invested.

I think that the small investment each individual would make in the 14 cents saving on 10 gallons of gasoline, with the assurance that there will be sufficient energy eventually in this country, is certainly worth the small investment.

But this particular proposal locks in the shortages and will assure this Nation that we will have shortages in the future rather than self-sufficiency.

This measure also will preclude many companies from entering into efforts to bring on alternative fuels. I had information from Amoco to the effect that they would not themselves be engaging in the effort to extract oil from shale, and also that they would reduce their investment in drilling projects for 1974 by one-third, or $200 million.

Then I have some notes from Mr. Clyde Wheeler, of Sunoco, because I asked him what does it cost to extract oil from tar sands—and they are the only company I believe doing this in Canada with the Athabaska tar sands. The cost of 50,000 barrels of anticipated production per day from the tar sands in Utah, California, and Texas, would be $8 a barrel. With production of 250,000 barrels a day, it would cost $12 per barrel and to up that to 500,000 barrels per day, the estimated cost per barrel would be $20.

So we can see that the opportunity to bring on alternative fuels, which are greatly needed, would not exist if this rollback takes place.

Also the distinguished chairman said that this—

> Gives Mr. Nixon the authority in special cases to increase the price to $7.09 a barrel.

I believe that this is the only legislation providing price controls that would restrict the amount of the increase, and this restricts it to 35 percent.

Then there is the Administrative Procedure Act that must be followed, and the burden of proof rests upon the President. So it would be virtually impossible or very difficult at best for the President to provide this increase.

If this were such good legislation, and this is the way to handle the problems of increased prices, and also to deal with the need for additional reserves of energy in this country, why did we not use the same procedure when we had a 300-percent increase in the price of wheat?

I happen to come from a wheat-producing State. I do not believe the wheat producers anticipated the price would go up as high as it did but, nonetheless, it reflected the total demand placed on wheat in this country.

If this were such a good idea, then why, when we were plagued with rising prices in plywood, did not the distinguished Senator see fit to have this kind of control written into the law, in legal cement, on timber, and also placed on the products from timber such as plywood. I do not think this would work in the case of wheat. I know that it would not. I also know it would not bring on additional supplies of timber to increase the output of plywood and decrease the price of plywood, which has been reduced in the past several months.

The distinguished Senator also mentioned that—

> Prices beyond $7 a barrel actually lead to less production and are counterproductive.

In the first place, there is no assurance that the price will be $7 or that it will be pegged and fixed at $5.25. It is clear that the producing companies are going to decrease their drilling operations by one-third to one-half in 1974 if this proposal should become the law.

Senator JACKSON also said on the floor that—

> Instead of encouraging the development of new wildcat acreage, the present price structure does the opposite. It encourages drilling of new wells on old reservoirs that are already in production.

Well, it is very obvious from what has happened in the drilling business, when the price of oil was stagnant and flat for some 15 years, that the number of wells drilled dropped off in 1971 to one-half the rate from 1956 and this drop was more or less on a continual basis.

Then in 1973, the price increases have increased rather drastically, or significantly at least, the number of wells that were drilled.

But it is not just the drilling of wildcat wells that is important, because when one wildcat well is successful it is then important to develop that field so that it brings on all the potential production in the field. Under the present laws that exist—the present regulations—and the law on stripper wells, it permits an incentive in the free market for new oil and also for stripper oil. This has a tendency to stimulate drilling for developmental wells as well as for wildcat wells.

I should like to remind the distinguished Senator from Washington that in order to have a sufficient increase in production, it is equally important to bring on developmental wells as well as to bring on the wildcat wells.

I hold in my hand a letter from Mr. Robert O. Frederick, the editor of Drilling magazine, and he has a study which shows that the anticipated drilling in 1974 shows exploratory locations are up 33 percent from a year ago. This refers to the wildcat wells. The developmental wells are, fortunately, up 25 percent.

The PRESIDING OFFICER. The 10 minutes of the Senator from Oklahoma has expired.

Mr. BARTLETT. Mr. President, will the Senator yield me another 5 minutes?

Mr. FANNIN. I am pleased to yield to the distinguished Senator from Oklahoma.

Mr. BARTLETT. Mr. President, in his letter, Mr. Frederick, editor of Drilling magazine, says:

> Our study demonstrates conclusively that improved prices for crude, products, and natural gas are generating the oil and gas exploration they were designed to generate.
>
> We have already seen retardation of oil and gas exploration by artificially depressed prices. A price rollback threatens to return us to those unhappy days.

Mr. President, I ask unanimous consent to have printed in the RECORD the letter from Mr. Frederick and letters and a report from Dr. Thomas Stauffer, of Harvard University, to which I referred earlier.

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

THE WELLSITE PUBLICATION,
Dallas, Tex., February 15, 1974.

Senator DEWEY F. BARTLETT,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BARTLETT: In view of the impending vote on the Energy Emergency Act and the price rollback it incorporates, you will be interested in this preliminary proof of an article on which we are currently working.

Our study demonstrates conclusively that improved prices for crude, products, and natural gas are generating the oil and gas exploration they were designed to generate.

We have already seen retardation of oil and gas exploration by artificially depressed prices. A price rollback threatens to return us to those unhappy days.

Please use this material however you see fit.

Sincerely,

ROBERT O. FREDERICK,
Editor.

SOME NOTES

Exploratory locations now holding or awaiting rigs in the U.S. are up 33 percent from a year ago.

Development locations on "active" and "pending" lists are up 25 percent.

Total locations at which work is in progress or scheduled are running 2 percent higher than at the like period of 1973.

New locations staked during the first five weeks of 1974 in the reasonably typical State of California were up 95 percent from the opening weeks of 1973.

Rotary rigs running are up 12.6 percent.

And suppliers are scrambling to fill backlogs of orders that would put more rigs to work on more wildcat and field wellsites.

State or area	Locations holding or awaiting rigs			
	Mid-January	Exploratory	Development	Total
1973 completions:				
Alabama	1974	36	32	68
	1973	38	21	59
		−2	+11	+9
Arizona	1974	0	2	2
	1973	3	2	5
		−3		−3
Arkansas	1974	41	57	98
	1973	28	86	114
		+13	−29	−16
Colorado	1974	148	269	417
	1973	148	141	289
			+128	+128
Florida	1974	23	27	50
	1973	15	19	34
		+8	+8	+16
Georgia	1974	3	0	3
	1973	0	2	2
		+3	−2	+1

State or area		Locations holding or awaiting rigs		
	Mid-January	Exploratory	Development	Total
1973 completion—Continued				
Idaho	1974	1	0	1
	1973	2	0	2
		−1		−1
Kansas	1974	198	367	565
	1973	183	291	474
		+15	+76	+91
North Louisiana	1974	67	169	236
	1973	69	172	241
		−2	−3	−5
South Louisiana	1974	311	619	930
	1973	285	476	761
		+26	+143	+169
Offshore Louisiana	1974	142	262	404
	1973	146	217	363
		−4	+45	+41
Total Louisiana	1974	520	1,050	1,570
	1973	500	865	1,365
		+20	+185	+205
Mississippi	1974	104	58	162
	1973	73	54	127
		+31	+4	+35
Missouri	1974	4	0	4
	1973	0	0	0
		+4		+4
Montana	1974	107	60	167
	1973	57	33	90
		+50	+27	+77
Nebraska	1974	28	10	38
	1973	19	11	30
		+9	−1	+8
Nevada	1974	2	0	2
	1973	0	0	0
		+2		+2
North New Mexico	1974	32	185	217
	1973	17	211	228
		+15	−26	−11
Southeast New Mexico	1974	85	131	216
	1973	29	125	154
		+56	+6	+62
Total New Mexico	1974	117	316	433
	1973	46	336	382
		+71	−20	+51
North Dakota	1974	11	28	39
	1973	17	13	30
		−6	−15	+9
Oklahoma	1974	182	970	1,152
	1973	145	612	757
		+37	+358	+395
Oregon	1974	0	0	0
	1973	1	0	1
		−1		−1
South Dakota	1974	3	0	3
	1973	6	0	6
		−3		−3
South Texas District No. 1	1974	201	129	330
	1973	124	91	215
		+77	+38	+115
South Texas District No. 2	1974	144	226	370
	1973	126	88	214
		+18	+138	+156
Gulf Coast District No. 3	1974	310	341	651
	1973	193	274	467
		+117	+67	+184
South Texas District No. 4	1974	243	319	592
	1973	167	234	402
		+76	+85	+161
South and Gulf Coast Texas, and offshore, districts 1, 2, 3, and 4	1974	898	1,015	1,913
	1973	610	687	1,297
		+288	+328	+626
East Texas Districts 5 and 6	1974	119	124	243
	1973	71	120	191
		+48	+4	+52
West Central Texas most of District 7B	1974	147	101	248
	1973	72	404	176
		+75	−3	+72
Border counties—Parts of 7B, 7C, 8A	1974	39	44	83
	1973	35	37	72
		+4	+7	+11
West Texas—most of 7C, 8, 8A	1974	184	628	812
	1973	168	680	848
		+16	−52	−36
West and West Central Texas Districts 7B, 7C, 8, 8A	1974	370	773	1,143
	1973	275	821	1,096
		+95	−48	+47
North Texas District No. 9	1974	81	59	140
	1973	74	79	153
		+7	−20	−13
Texas Panhandle District No. 10	1974	68	113	181
	1973	51	91	142
		+17	+22	+39
Total Texas	1974	1,536	2,084	3,620
	1973	1,081	1,798	2,879
		+455	+286	+741
Utah	1974	51	110	161
	1973	32	63	95
		+19	+47	+66
Washington	1974	1	0	1
	1973	0	0	0
		+1		+1
Wyoming	1974	202	252	454
	1973	95	198	293
		+107	+54	+161
Subtotal	1974	3,318	5,692	9,010
	1973	2,489	4,545	7,034
		+829	+1,147	+1,976
Alaska	1974	(1)	(1)	(1)
	1973	(1)	(1)	(1)
California	1974	(1)	(1)	(1)
	1973	(1)	(1)	(1)
Tri-State Area (Illinois, Indiana, Kentucky)	1974	(1)	(1)	(1)
	1973	(1)	(1)	(1)
East coast/Appalachians (Maryland, Michigan, New York, North and South Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia)	1974	(1)	(1)	(1)
	1973	(1)	(1)	(1)

[1] Not available.

HARVARD UNIVERSITY,
CENTER FOR MIDDLE EASTERN STUDIES,
Cambridge, Mass., February 4, 1974.

Hon. HENRY JACKSON,
Committee on Interior and Insular Affairs, New Senate Office Building, Washington, D.C.

DEAR SENATOR JACKSON: I hope that I may submit this following additional material, which amplifies some of the discussion from the hearings on February 2nd dealing with the economic impact of higher oil prices.

It had been observed that the economic costs of not getting oil probably far exceed any extra price burdens involved in stimulating higher levels of domestic oil production. The impact of higher prices was estimated to be between one and three cents per gallon, or between $1.4 and $4.3 billion dollars per year.

The cost of "no oil" is more difficult to estimate. However, the economic cost of the current oil embargo can be used as a measure of the cost of not getting oil. A loss of two million barrels per day translates into $50 billion or more per year, excluding the some $4 billion which we are donating to Israel in this fiscal year. Thus the total costs and losses associated with the embargo ("no" oil) are vastly greater than those involved resulting from higher oil prices.

These calculations are necessarily highly approximate. Yet they do suffice to illustrate the fact that the two effects can differ by a factor of ten-to-one, which suggests two policy thrusts. First, our efforts should be focused upon expediting or compelling a settlement in the Middle East and restoring the flow of oil to the United States. Second, we must know more about the interaction between oil supply and prices before curbing domestic prices when domestic supply is so necessary.

Indeed, it is to be noted that resumption of normal flows of oil itself should greatly dampen oil prices both here and abroad, since panic bidding for tight supplies of non-Arab oil would cease. The current "spot" prices of crude oil often are double the equilibrium "OPEC-cartel" price and thus are entirely artificial. More than any other measure, a settlement in the Middle East alone would both reduce prices and restore jobs.

The estimated economic cost of the present oil embargo is based upon calculations from the National Petroleum Council and is consistent with others developed by Chase Econometrics. Both involve an energy multiplier which increases as the shortage deepens. Both calculations err on the optimistic side because both implicitly presume an omniscient and hyper-efficient allocation system for oil in which no bottlenecks occur.

That is obviously quite unrealistic, and when shortages accumulate in any one industry or company, a further multiplier—the "supermultiplier"—is invoked, which further compounds the economic losses. If any one plant or industry is affected more than proportionately, its suppliers and its customers are also affected disproportionately. Thus, the estimates of the NPC really reflect the best case, rather than the more dismal "probable" or "worst" cases. Hence, allowing for the "bottleneck effect" and shortages of substitute fuels, we might suggest that a more plausible figure is perhaps $100 billion.

On the other hand, higher prices as such do not involve a direct economic burden upon the economy but instead involve primarily the transfer of money from one pocket to another within our economy. Whereas the lack of oil creates genuine unemployment, higher prices redistribute

money. Thus the "multiplier" effect for increases in domestic prices (as distinct from increases in real costs) is in fact less than one.

First of all, between one-eighth and one-sixth of the increased priced accrues to the royalty owners, not to the oil companies, and thus is collected in part by State governments or the Federal Government. Then, between 24 and about 38%—say, on balance, one-third—of the remaining amount is collected by the Federal Government in the form of incremental income taxes. Thus about half is left at the disposition of the producing companies, to be reinvested and/or disbursed as additional dividends.

One can object to this form of redistribution, including higher taxes, on grounds of equity. But one must also know how much more output of oil might ensue, and then draw a balance. The short-run appeal of controlled, lower prices might be meretricious and must be weighed judiciously against the medium and longer-run burden of sustained shortages of domestic energy.

At the present time, it is disingenuous, if not deceptively misleading to focus on prices rather than supply. Presently, Americans are being forced to pay an extraordinary price in terms of lost jobs, reduced income, and growing inconvenience for lack of oil—a cost far greater than any burden of higher prices charged for domestic supplies. Such higher prices, if successful in creating new supplies to offset imported oil, provide cheap insurance indeed against a perpetuation of our present Middle Eastern policy.

Americans collectively would be much better off if Middle Eastern oil were to flow to us once more, bringing the collateral benefit of lower prices. However, as a second-best solution, we are still somewhat better off—in the sense of losing less—if we pay the hopefully modest extra prices necessary to produce more domestic oil in order to compensate for the Arab supplies denied to us through our own foreign policies.

Yours sincerely,

THOMAS R. STAUFFER.

HARVARD UNIVERSITY,
CENTER FOR MIDDLE EASTERN STUDIES,
Cambridge, Mass., February 4, 1974.

Senator FLOYD HASKELL,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR HASKELL: During the hearings on the 20th of December, you inquired whether a lack of world-wide refining capacity was a factor in the shortage of oil in the United States.

The attached table, based upon 1972 data, reveals that there was indeed sufficient surplus refining capacity in Canada, the Caribbean, and Western Europe to more than cover the total needs of the U.S. for refined products. Although it might well be desirable to have more capacity located within our own territories, we nonetheless could have obtained adequate supplies this year—except for possible, occasional localized distributional difficulties—if it had not been for our involvement in the Middle East war last October.

Lack of domestic refineries is not the root of today's shortages of gasoline or residual oil. Updated figures might indicate that the sufficiency margin may have narrowed in the Western Hemisphere, leaving us now proportionately more dependent upon refined products out of Europe. If so, that fact only highlights the risks and costs of our diplomatic isolation since October of last year, since the Europeans, too, had embargoed exports to the United States.

Yours respectfully,

THOMAS STAUFFER.

REFINING SELF-SUFFICIENCY (1972)

	Refining capacity	Consumption	Refining balance
United States	13,450	15,980	0.842
Canada	1,750	1,665	1.051
Caribbean	4,120	*1,195	3.448
Subtotal	19,320	18,840	1.025
Western Europe	17,140	14,205	1.207
Middle East	2,415	1,145	2.109
Japan	4,410	4,800	.919
World (excluding bloc states)	49,875	44,705	1.116

Source: British Petroleum Co., Ltd. "Statistical Review of the World Oil Industry" (1972).

ECONOMIC COST OF U. S. CRUDE OIL PRODUCTION

(By Thomas R. Stauffer, SPE-AIME, Harvard U.)

INTRODUCTION

The cost of domestic crude oil has figured importantly in discussions of U. S. energy policy since the mid-1950's. The paper will focus upon measuring the economic costs of domestic oil vs imported oil and relating the size of that domestic supply to alternative income tax systems.

In Part One we shall estimate the economic costs of finding and producing U.S. crude oil for the base year 1965, excluding any transfer payments such as royalties or lease bonuses and omitting all income tax effects, whether liabilities or offsets. This calculation evaluates the economic resources that were consumed in producing that oil supply, which then becomes the point of reference for examining the effects of tax preferences, import restrictions, or other policy instruments.

In Part Two the economic cost of imports is derived by correcting the price of imported oil for two significant externalities—the balance-of-payments impact and the economic risk borne implicitly by the consumer of oil imported from insecure sources. The "dollar drain" generated by incremental oil imports is measured, and a scarcity premium, or implicit devaluation, is assigned to the U. S. dollar, reflecting the fact that a dollar paid abroad is more costly to the U. S. economy than one paid domestically. This is a device long used in project evaluation in underdeveloped countries whose currencies were officially overvalued.

The security premium or risk premium is approximated as the cost of maintaining crude oil inventories or security stockpiles large enough to bridge "probable" interruptions in imported supply. Such a measure, if deemed adequate, would render imported oil equivalent to domestic oil, and the inventory cost thus reflects the hidden differences in "value". Comparison of the economic costs of imports and domestic supply, as appropriated derived, leads to the conclusion that imports were probably more costly than domestic oil, even though prices of imports were less.

The role of income tax policy in fostering domestic production is treated in Part Three. For a given price level, the effect of different tax regimes upon supply is determined, considering (1) elimination of the percentage depletion allowance; (2) capitalizing of intangible drilling costs; (3) capitalizing of dry holes; and (4) combinations of these. The U.S. domestic crude oil supply is shown to be extremely sensitive to tax incentives, whence it is finally concluded in Part Four that the mandatory restrictions on imports, even though far from optimally designed, implied no significant net cost to U. S. economy and that the tax environment was indispensable in facilitating this balance.

PART ONE—ECONOMIC COSTS OF CRUDE OIL PRODUCTION

The price of domestically produced crude oil can be broken down into the following separate components: resource costs, tax effects, and transfer payments. In this section we shall focus upon resource or economic costs exclusively. Tax effects will be reserved for Part Three; and transfer payments—royalties, lease bonuses, and severance taxes—are omitted completely. Even though royalties and lease bonuses are to individual oil producers very real expenditures, they do not represent the utilization or consumption of economic resources from the standpoint of the national economy. Instead, they are pure transfer payments, involving the exchange only of financial claims, as distinct from economic resources such as labor or equipment.

FINDING COSTS

The "costs" of finding oil are customarily expressed in terms of the expenditure incurred per barrel of recoverable reserves discovered. Because a barrel of reserves is recovered only over a protracted period of time, to determine the economic discovery cost per barrel produced, the finding outlay must be distributed over that future period.

To illustrate the difference between the expenditure per barrel discovered and the discovery cost per barrel as produced, let us assume that 10 million bbl is discovered in a given year and produced at a constant rate of 1 million bbl/year for the next 10 years. If the exploration outlay was $1 million, the expenditure per barrel of reserves is only 10¢. However, if we take a 15-percent cost of capital and spread the exploration outlay over the future stream of production, each barrel must bear an exploration "cost" of 19.9¢*, almost twice the figure derived from the conventional engineering definition of discovery expenditures per barrel of reserves.

More generally, the relationship between the expenditure per barrel of reserves and the economic discovery cost depends upon the following physical and economic parameters:

1. Discount rate (opportunity cost of capital).
2. Reservoir production time pattern (decline rate).
3. Well lifetime.
4. Time lag between discovery and exploitation. For a detailed analysis of these factors, see Appendices A and B.

For the values of the parameters used in this study (see Appendices A and B), the economic cost is 3.82 times the expenditure per barrel of reserves discovered. Thus, an outlay of 32¢ per barrel of reserves is equivalent to an economic cost of $1.22/bbl as produced.

To estimate the average economic finding cost for U. S. crude oil in the early 1960's we have used data developed by Foster Associates.[3] (Although there is some imprecision inherent in their allocation of dryhole expenditures, it does not materially affect these results.)

Expenditures per barrel of recoverable reserves discovered are given in the first column below:

---

*From annuity tables, 19.93¢ must be recovered each year for 10 years to yield a 15-percent rate of return on an initial investment of $1.

Footnotes at end of article.

	Outlays for reserves	Economic cost
Exploration dry holes	$0.16	$0.61
Geological and geophysical	.16	.61
Total	.32	1.22

Whereas the engineering "finding cost" is 32¢/bbl, the economic finding cost—allowing for the delay between exploration and commercial exploitation of the reserves and considering the time required to produce the reservoir—is $1.22/bbl (=3.82×$0.32). Lease rentals and acquisition expenditures are transfer payments and are excluded here. Later, when we consider after-tax corporate costs we shall use a discount rate of 12 percent and also include lease costs. If we use a lower opportunity cost of capital—8 percent instead of 12 percent—the economic finding cost drops to 84¢/bbl, a reduction of one-third. Since the lower figure of 8 percent is more compatible with the discount rates ordinarily used to evaluate public sector expenditure programs, such as those of the TVA, we suggest that the average economic finding cost might be about 80¢/bbl.

We must interpret this $1.22 as a nationwide "average" value. Since we are interested in an estimate of the national economic cost, and since all oil that is discovered must bear the costs of all exploratory effort within the continental area and adjacent waters, whether successful or not, such an average figure for the U.S. is appropriate in this special case. Dry holes are a necessary and inevitable adjunct to the process of finding oil, and it would be incorrect to include only that exploration expenditure that is explicitly identified with successful oil plays.

DEVELOPMENT COSTS

Under this heading we include the costs of drilling and completing producing wells and equipping the lease, consistent with the definitions used in the Joint Association Surveys.[5] The expenditure for drilling and completing a given well depends upon both the depth to which it is drilled and the area—offshore, onshore, in a mangrove swamp, etc. The development cost borne by the oil produced from a well depends also upon the flow of the well and the decline rate of the reservoir.

For the types of input data used to calculate development costs, and for a description of the mathematical model used to estimate the development cost per barrel of production, see Appendix C.

WELL COSTS

The average expenditures for drilling and completing producing oil wells as a function of depth are surveyed each year and published in the Joint Association Surveys. These costs remained remarkably constant until about 1968, since technological progress essentially offset inflation. This source provided the data on the average total expenditures for producing well drilled to the median depth in each of the five well-depth classes into which U.S. production was divided: 0 to 2,000 ft, 2,000 to 4,000 ft, 4,000 to 6,000 ft, 6,000 to 8,000 ft, and 8,000 ft and deeper.

LEASE EQUIPMENT COSTS

Lease equipment expenditures can vary widely, depending upon location, the type of reservoir drive, crude treating requirements, or salt-water production. We have approximated the outlays for lease equipment at 30 percent of the total well cost, based upon the average relationship between expenditures for producing wells and costs of "equipping leases" as reported by the Joint Association Survey.[5, 12] The resulting capital outlays per annual barrel of production are given in Table 1 for the range of depths and well flow rates.

RESERVOIR DECLINE RATE AND WELL LIFETIME

Since the flow rate from a well decreases with time, reflecting the gradual exhaustion of the reservoir's drive energy, it is necessary to include an estimate of an aggregate reservoir decline rate and the well lifetime. To determine internally consistent measures of the aggregate reservoir decline rate and the "average" well lifetime, two sets of evidence were analyzed:

1. Data on the rate at which wells are abandoned, as compared with the total stock of producing wells.[7]

2. The nationwide, average reserve-to-production ratio (R/P), which is a function of the well lifetime, the reservoir decline rate, and the past history of drilling activity. Both the R/P ratio and the well abandonment rates are empirically observable, and Appendix A describes how that information was used to derive estimates for the decline rate and well lifetime—neither of which is directly observable. Using the methodology developed in Appendix A, we have estimated the reservoir decline rate "δ" as 5 percent/year and the effective, average well lifetime, T, at 30 years.

(It is important to note that the decline rate is significantly less than the reciprocal of the R/P ratio, use of which to estimate "δ" proves to be quite incorrect. It has been argued that the decline rate equals 8 percent, for example, if the R/P ratio is 12:1. Appendix A shows that this simple computation overstates the equivalent average decline rate. More generally, the economic lifetime of a well is determined by the time at which the net wellhead revenue, after deducting royalties and severance taxes, just equals the variable operation costs. An effort was made to use this more accurate measure of T, allowing it to vary with the depth and flow rate of each well, but trial runs suggested that this scarcely affected the final results, so that the much greater mathematical complexity was not justified.)

TABLE 1.—OUTLAYS FOR DRILLING AND COMPLETING PRODUCING WELLS

[Dollars per barrel per year]

Well flow rate (barrels per day)	Depth class (feet) 0 to 2,000	2,000 to 4,000	4,000 to 6,000	6,000 to 8,000	8,000-plus
Outlay per well	$8,000	$28,000	$55,000	$95,000	$204,000
0 to 4	10.96	38.36	75.34	130.14	279.25
4 to 8	3.59	12.57	24.70	42.66	91.60
8 to 12	2.24	7.83	15.38	26.56	57.03
12 to 16	1.62	5.68	11.16	19.28	41.40
16 to 20	1.22	4.26	8.37	14.46	31.05
20 to 24	1.03	3.60	7.07	12.22	26.24
24 to 28	0.85	2.97	5.84	10.09	21.66
28 to 32	0.75	2.64	5.18	9.94	19.21
32 to 36	0.66	2.34	4.59	7.94	17.04
36 plus	0.28	1.01	1.97	3.41	7.32

OPPORTUNITY COST OF CAPITAL

A figure of 12 percent was built into the financial and economic calculations as detailed in Appendix C. This figure is consistent with the average rate of return for integrated oil companies or with the corrected rate of return for domestically based crude oil producing companies. (For a critique of measurements of oil industry rates of return, see Ref. 8.) A figure of 12 percent, however, is rather high for a social opportunity cost of capital, and it is much higher than the discount rate ordinarily used in evaluating projects in the public sector. An alternative value for the economic finding cost, based upon a discount rate of 8 percent, was given above, but the economic cost of domestic crude oil cannot be compared directly with public-sector projects, such as hydropower from the TVA, or nuclear power, without careful verification that the appropriate discount rates have been used.

Using the above data on the outlays for wells of different depths, plus derived estimates of reservoir decline rates and related parameters, it is possible to compute the capital cost per barrel of production. (For the methodology, see Appendix C; and for the resulting capital charge—including a 12 percent return on capital, but excluding any taxes—see Table 3.) A distinct capital cost per barrel is determined for each combination of well depth and average flow rate, since both variables affect the unit cost of each barrel produced.

LIFTING COSTS

The variable operating costs or lifting costs (VOC's) also depend upon a number of physical and locational factors, and are markedly affected by secondary-recovery or pressure-maintenance operations. In this study, we have assumed more simply that the annual operating costs of a well depend upon only depth and flow rate.

The estimated operating costs were taken from Steele's figures in Ref. 1. Those figures, broken down by well depth and well flow rate are meretriciously precise, since they appear to hear been derived using unenunciated functional dependences upon depth and flow rate. We have used those data here; however, Steele's figures on VOC's are of very much lower quality than the data on capital expenditures for wells and lease facilities. Since the capital charges account for 50 percent more of total costs, errors in the VOC estimates are somewhat less significant. Steele's estimates are broadly consistent with U.S. Bureau of Mines figures for selected leases which were based upon technical economic calculations.[13]

As shown in Table 2, the lifting cost varies from $1.82/bbl for the deepest well with a low flow rate (0 to 4 B/D) to as low as 13¢ for a shallow well whose average flow rate exceeds 70 B/D. Table 3 gives the capital and lifting costs, equal to the development and production costs, for the full range of well depths and flow rates.

TABLE 2.—VARIABLE OPERATING COSTS[1]

[Cents per barrel]

Well flow rate (barrels per day)	Well depth class (feet) 0 to 2,000	2,000 to 4,000	4,000 to 6,000	6,000 to 8,000	8,000 plus
0 to 4	$58	$1.00	$1.29	$1.53	$1.82
4 to 8	33	58	75	88	1.03
8 to 12	29	51	66	78	96
12 to 16	27	47	61	72	85
16 to 20	25	43	55	66	78
20 to 24	23	39	50	60	71
24 to 28	20	35	45	54	64
28 to 32	19	33	43	50	60
32 to 36	18	31	40	47	56
36 plus	13	22	28	34	40

JOINT PRODUCT CREDITS

Concurrent with the production of crude oil at the lease is the production of wet natural gas, and we must accordingly include an allowance for the value, netted back at the producing lease, of the two coproducts—the associated natural gas and the natural gas liquids (NGL). The costs of producing the coproducts are already embedded in the estimated costs of the lease facilities and well, so the only additional costs for commercializing the gas and liquids would be the gathering, extracting, and compression costs.

The natural-gas credit depends upon the volume of associated gas that is marketed and its selling price. From 1961 through 1965, approximately 900 cu ft of associated gas was marketed per barrel of crude oil produced, the wellhead price of the gas being 15¢ to 16¢/

Footnotes at end of article.

Mcf, so that the gross natural-gas credit averaged 14¢/bbl.

Associated dissolved gas has a higher liquids content than nonassociated gas—estimated at 0.045 bbl of NGL per Mcf vs 0.024—and approximately 1,600 ft of gas (gross) is produced per barrel of crude. If the average value of NGL from the plant is $2.10, and if an average of 35 percent of that value, after deducting recovery costs and charges, is netted back to the lease, the NGL credit per barrel of crude oil is estimated at 5¢. The approximate co-product credit is the sum of the natural gas and NGL credits, or 14¢ plus 5¢, which for our purposes has been rounded to 20¢/bbl.

The use of market prices for the by-product natural gas seriously understates the value of that gas, since the regulated price has been much less than the opportunity cost of gas. A rigorous analysis of the value of natural gas transcends the scope of this study. It is adequate to approximate it as the sum of two components: (1) equivalent cost per Btu of imported crude oil, as cheapest alternative; and (2) form value premium, reflecting preferred combustion characteristics of natural gas.

The heating value equivalence of imported crude, using a result from Part Two, is $2.60 divided by 6.3 MMBtu/bbl, or 41¢ per Mcf of natural gas (1 cu ft=1,000 Btu). The form value premium for natural gas varies about 5¢/Mcf in large electric utility boilers to more than $2/Mcf in metallurgical applications, and differs between new installations and conversions.[10] We shall use a figure here of 10¢/Mcf, so that the econmic value of the co-product credit equals 5¢+(0.9×51¢), which we round downwards to 50¢/bbl*.

TABLE 3.—ECONOMIC DEVELOPMENT AND PRODUCTION COSTS

[Dollars per barrel]

Well flow rate (B/D)	Well depth class: 0 to 2,000	2,000 to 4,000	4,000 to 6,000	6,000 to 8,000	8,000 plus
0 to 4	1.84	5.70	10.72	18.01	37.63
4 to 8	.70	2.05	3.75	6.17	12.67
8 to 12	.50	1.38	2.47	4.01	8.08
12 to 16	.40	1.07	1.89	3.02	5.99
16 to 20	.34	.86	1.48	2.35	4.59
20 to 24	.30	.75	1.28	2.02	3.92
24 to 28	.26	.64	1.08	1.70	3.27
28 to 32	.23	.58	.98	1.52	2.93
32 to 36	.22	.53	.88	1.37	2.62
36 plus	.14	.29	.46	.69	1.24

DISTRIBUTION OF ECONOMIC COSTS OF PRODUCTION

The preceding sets of calculations permit us to determine two sets of costs:

1. Those allocable to the "average" barrel of production—i.e., finding costs and co-product credits.

2. Those that can be specifically assigned to production from wells of a particular depth or given flow rate—i.e., the development costs and lifting costs.

For the base year 1965 there exists a cross-sectional analysis of U.S. domestic crude oil production that reports how much crude oil was obtained from wells of different depths and for a range of well flow rates.[6] We can combine these data on total production by depth and flow rate class with cost calculations for the same sets of well depths and flow rates to obtain an estimate for the cost distribution. We can thereby determine what fraction of U.S. crude production oil was produced for different levels of development and production cost (see Fig. 1). The cost distribution can then be further combined with estimated finding costs and co-product credits to determine the full economic cost of U.S. domestic crude supply.

Below is a sample calculation for one of 50 entries in the well-depth/well-flow-rate matrix. Consider a well producing from a formation between 6,000 and 8,000 ft deep and having an observed average flow rate between 20 and 24 B/D (the average flow rate in this class is measured at 21.3 B/D). The components of the economic cost calculation are as follows: *

1. Well drilling $95,000
   Well completion 28,500
   Total 123,500
2. Average annual production:
   365×21.3 B/D=7,780 B/Y
3. Capital charge
   0.100×$123,500÷7,780=$1.59/bbl
4. Variable operating costs
   a. Class average=c=$0.60
   b. Present value=0.714×c=$0.43
5. Economic cost for development and production (excluding findings)=$0.43+$1.59=$2.02
6. Co-product credits=$0.50/bbl
7. Net economic cost
   =$2.02—0.50=$1.52/bbl
8. U.S. production in class=32,600,000 bbl

Thus, referring to Lines 5 and 8, we have determined that 32.6 million bbl of oil was produced in 1965 in the U.S. at an economic cost of $2.02/bbl, excluding finding costs or co-product credits. If we include the latter the cost drops to $1.52/bbl (Line 7).

The process can be repeated for each of the remaining 49 classes, where the production volumes, average flow rates, operating costs, and capital expenditures per well will all vary. If the resulting volumes are ranked in increasing order of economic cost, there results a distribution curve for the full production costs of 96 percent of U.S. crude oil production for that base year.

The weighted average economic cost of production, including development costs but excluding finding costs or co-product credits was $1.47. Much of our total production, however, despite the inherent inefficiencies imposed by the prorationing systems in Texas and Louisiana, cost less than $1/bbl, as the following cost distribution shows:

*Cost Range**	*Percentage of Crude Production*
less than 50¢	15
less than $1.00	33
less than $1.25	61
less than $1.75	72
less than $2.00	76
less than $2.25	83

*Excludes finding costs and co-product credits.

The median cost, approximately $1.15/bbl, is considerably below the average, and the distribution is skewed towards the lower costs (see Fig. 3).

We observe from both the above table and Fig. 2 that about one-sixth of U.S. crude oil is produced at an economic cost that exceeds the wellhead realizations. This is because "high-cost" oil in this sense is itself a joint product of the lower-cost oil. An operator cannot know in advance the productivity of a well, so that wells will be classified as "producers" as long as net revenue covers VOC's, even though the revenues after deduction of operating costs, royalties, and severance taxes contribute little or nothing to the recovery of the capital sunk in what later proves to be a marginally economic well.

It is a feature of cost distributions in the oil industry or other mineral industries, where there is an important stochastic element in the exploration for and development of the resources, that some fraction of the actual output will be produced at a full cost above the market price. Thus, in such industries, in equilibrium there must be enough surplus revenue elsewhere from the lower-cost production to finance this "tail" of the actual cost distribution. Viewed alternatively, the upper "tail" of the cost distribution represents an additional component of the finding costs, where extra-marginal wells do yield some cash revenue as "credit".

From the point of view of national energy planning, the crucial question is the shape of the additions to this curve over time—how does it shift as a function of new discoveries? Is new-production cost high or low? What is the trend in costs and exploration outlays? Unfortunately, the requisite data on the distribution of production (whether incremental or total)—in terms of the well depth, flow rates, or water depth (if offshore)—does not appear to be routinely collected in a form accessible to the policy planner. The limited survey exploited in this study was carried through for a single year only.

This is one area, therefore, where cooperation between industry and government could greatly improve our ability to assess the potential of the domestic oil industry and to adapt rational policies accordingly to ensure that its potential is fully exploited. Nonetheless, this calculation does provide an adequately accurate measure of past costs, since the aggregate production patterns will change slowly. We summarize the estimates of the resource or economic costs of finding, developing, and producing the U.S. domestic supply of crude oil below:

	Discount rate (percent): 8	12
Finding	$0.84	$1.22
Development and lifting	1.20	1.47
Co-product credits	(.50)	(.50)
Total	1.54	2.19

If we value the capital resources at 8 percent, we note that the economic cost of the average barrel of U.S. domestic crude oil, measured at the wellhead, is only $1.54, as compared with a price of $3 or more. An upper bound for the economic cost is $2.19 if we use an opportunity cost for capital of 12 percent. The range is thus $1.54 to $2.19/bbl, depending upon the applicable discount rate. In any event, the economic cost is about one-half the domestic price.

PART TWO—ECONOMIC COSTS OF IMPORTS VERSUS DOMESTIC OIL

In the preceding sections we have estimated that the economic cost of domestically produced crude oil lies between $1.54 and $2.19, depending upon the choice of discount rate. It remains to calculate the economic cost of imported crude oil on a comparable basis so that we finally can measure the relative desirability of restricting oil imports, of providing tax incentives for domestic oil production, or of combining these policies.

*The value of natural gas depends upon the type of use, as well as the geographical region; the preceding correction is therefore representative, but for fram definitive. The author acknowledges the contribution of Arlon Tussig and of a reviewer in pointing out the omission of such a correction in an earlier revision of this paper.

Footnotes at end of article.

* The data sources are as follows: Line 1—JAS Surveys[5]; Line 2—flow rates from Ref. 6; Line 3—capital charge, equivalent to a rate of return of 12 percent, from Table 8 and Appendix C; Line 4—from Steele[1], Appendix C. and Table 2; Line 6—preceding section, using opportunity value of gas, rather than the regulated market price; Line 8—production volumes in each class from USBM IC 8362.[6]

Domestic and foreign imported crude oils are economically different in two important respects, even after appropriate allowance has been made for chemical quality, sulfur content, or transportation costs. First, imported oil necessarily implies a balance-of-payments outflow—i.e., some element of "dollar drain"—whereas domestic crude oil obviously does not. Second, foreign-source oil is less secure than domestic supplies, and there exists a non-zero probability that imported supplies might be cut off, entirely or part, for a period of time that would impose a real economic hardship upon the U.S. if the nation were in some sense too dependent upon uncertain imports of so strategically vital a natural resource.

Determination of the true economic cost of imports thus involves corrections to the price that will reflect a scarcity premium for the dollar component of imports (balance-of-payments effect). Also involved is the fact that the strategic risks associated with a domestic barrel and a barrel imported from overseas are not equivalent. In particular, the price of imported oil does not in any way internalize the insurance premium that less secure sources of supply should bear. Under the present system, the beneficiary of the "cheaper" imported oil effectively transfers the risk cost to the national economy or to other oil consumers, or foregoes any "insurance" at all. Similarly, it is presumed implicitly that other sectors of the economy must bear higher costs in order to make available foreign exchange for the importation of foreign oil.

Specifically, two sets of corrections to the landed price of an imported barrel are needed:

1. Determine the net dollar outflow per incremental barrel imported from overseas, and value that net dollar component at a shadow price for the U.S. dollar that reflects its scarcity value to the U.S. economy.

2. Determine the risk premium that is implicit in each barrel of "insecure" oil.

The balance-of-payments effect can be analyzed with reference to our base period, 1965 through 1969; it was calculated that the net dollar outflow per barrel imported from a U.S.-owned company overseas was approximately $1.50 (pages 265–298 of Ref. 2.) The difference between that amount and the estimated c.i.f. price on the East Coast ($2.15) represents directly induced return flows of dollars to the U.S., comprising repatriated profits by the U.S. company producing that oil overseas, purchases by that company from the U.S., imports by the host country from the U.S. out of its petroleum tax revenues, etc.* The return flows offset the gross outflow, which is equal to the f.o.b. price plus the tanker rate, and thereby reduce the net effective dollar outflow per imported barrel below the figure for the nominal landed price.

The problem of determining a scarcity value for the U.S. dollar is more elusive than measuring the dollar outflow itself, although there is an extensive literature on the question of determining the appropriate shadow price for foreign exchange in the case of underdeveloped countries.[15] Certain indicators of the scarcity premium for the U.S. dollar do exist, however. Some legislation has required the Dept. of Defense, for example, to purchase from domestic sources as long as the domestic price does not exceed the foreign price by more than one-half, which is equivalent to an implicit devaluation, at least for such transactions, of one-third, or a shadow price for the U.S. dollar of $1.33. In other words, on military purchases the government was ostensibly willing to spend $1.50 in the U.S. (domestic resources) to save spending $1 overseas (dollar outflow).

Alternatively, the restraints on foreign direct investment, where effective, were equivalent to a shadow price of 1.5 or more, when the social opportunity cost of capital is 10 percent or less.** For purposes of illustration here, we shall assume an effective shadow price for the dollar of $1.20 worth of domestic resources. Thus, where the net dollar outflow per barrel of imported oil is $1.50, the effective cost to the economy of that component is not $1.50 but 1.2×$1.50, or $1.80—a premium of 30¢, reflecting the dollar scarcity and thereby incorporating numerical recognition of our balance-of-payments problem. Rephrased, the $1.50 of net dollar outflow per barrel of imports implies the expenditure of $1.80 worth of domestic resources, and we therefore add that hidden cost to determine the full cost of imports.

It is still more difficult to put a price tag on the risk premium. Qualitatively, it is clear that oil imported from Venezuela or the Middle East is less secure than oil from Texas, Louisiana, or even Alberta. Quantitatively, in order to determine the proper insurance premium, a set of elusive factors must be weighted:

1. Types of supply interruption.
2. Probabilities of incidence and likely duration of cutoffs, differentiated by source country.
3. Supply elasticities (short-run) for alternative energy sources, including any reserve capacity for domestic production.
4. Transportation bottlenecks.
5. Economic damage from oil supply interruptions of different depths and durations (loss function).

The proximate impact of supply cutoffs would be focused upon the East Coast (District One), which is particularly vulnerable because most of its oil supply would be imported in the absence of restrictions. A partial loss of oil supply clearly could be accommodated through rationing, and the economic loss can be approximated as the value of the fuel consumption forgone. A larger or longer interruption in supply, however, would exercise a leveraged impact once production in energy-using sectors is curtailed, and the loss function becomes both steeper and nonlinear for oil supply interruptions above some certain threshold level. The appropriate quantification of the national security effects far transcends the scope of this study (see Refs. 2 and 12), but the economic risk is nonetheless real, even if difficult to measure.

Again, for purposes of illustration, let us grossly simplify the security risk analysis and postulate that it would suffice to maintain a special security reserve equal to 3 months' supply against the prevailing level of overseas imports—i.e., a static inventory of 1 bbl for each 4 bbl/year of oil imported from such sources. The annualized costs of that static inventory maintained as a security reserve, if spread over the import stream that it is designed to insure, equal $\frac{3}{12} \times \$0.68$, or a surcharge of 17¢ per barrel of imports.[2] If the desired security reserve were larger or smaller, then the risk premium would be adjusted proportionately. (An analysis by Mead and Sorensen argues that developed reserves are less costly than static storage as a form of insurance.[9])

The economic cost of a barrel of imports, allowing for both the foreign exchange premium and the risk premium, becomes

Landed price	$2.15
Scarcity premium for dollar: 0.2 × $1.50	0.30
Security premium	0.17
Total	$2.62

This figure of $2.62 is based upon delivery at the U.S. East Coast, and we must correct our estimate of the economic cost of domestic oil at the wellhead to account for gathering and delivery costs; if we take the latter costs to be 50¢, we can conclude that the economic cost of domestic supply delivered to the East Coast is about $2.04 to $2.69 as compared with an estimated economic cost of imports of about $2.60/bbl.

Thus, within the accuracy of this sort of computation, we conclude that the economic cost of the oil import quotas has been essentially nil, even if one treats the security risk as insignificant. If the security premium is omitted, the economic cost of imports is $2.69, as compared with an estimated economic cost of imports of about $2.60/bbl. delivered to the East Coast, assuming a discount rate of 12 percent. If one accepts the proposition that overseas imports are less secure and that 90 days' worth of storage does suffice, then the oil import program actually yields a net economic benefit, in spite of the *pro forma* difference of some $1.60/bbl in the prices of domestic vs imported oil.*

PART THREE—IMPACT OF TAXATION UPON COSTS AND SUPPLY AVAILABILITY

In the foregoing sections we have concentrated upon the economic cost of U.S. crude supply—the measure of the commitment of economic resources—but we now shall measure the *corporate cost;* i.e., the costs as perceived by a corporate operator, allowing for the permissible tax shields and incorporating the incremental income tax liabilities. The earlier analysis will be extended with two objectives:

1. To determine the cost distribution of U.S. crude-oil supply on a tax-paid basis, including the income tax liabilities and tax offsets allowed under the rules prevailing in 1965 through 1969.

2. To estimate the retrospective effect upon the U.S. crude-oil supply of different changes in the tax regulations, such as capitalization of intangible drilling costs (IDC's), elimination of percentage depletion, capitalizing of dry holes, and combinations of those.

Analysis of the corporate costs is indispensable if one wishes to measure the profitability signals perceived by a corporation and relate these to different price levels or tax regimes. It is particularly important to know how different changes in tax provisions or possible subsidy measures might affect the viability of domestic sources of hydrocarbons, and this requires the ability to estimate tax-paid, corporate cost, including a "normal" rate of return on invested capital, and to relate that to the economic cost.

Accordingly, we have repeated the calculations from Part One, modifying the equations as described in Appendix C to include the major features of the income-tax regime applicable to the oil industry in 1965: (1) expensing of IDC's, taken as 70 percent of total costs for the completed well; (2) expensing of exploration and development of dry holes; and (3) computing percentage depletion as 27.5 percent of gross income or 50 percent of net income, whichever is less. (Since this last limitation is likely to apply later in the life of an initially low-cost operation or earlier for a higher-cost case, we have defined the tax-paid cost for those instances where percentage depletion was in-

*The net dollar component is higher by 15c to 25c/bbl if the oil is imported from a non-U.S. company. The cited analysis of the balance of payments was based upon real market, "arm's-length" prices. Official data would indicate higher prices for imports and also higher net dollar outflows.

Footnotes at end of article.

**Unpublished analyses; see Ref. 11 for a parallel set of calculations.

* If the state regulatory programs in Texas and Louisiana had been less inefficient, the real cost of domestic production might have been still lower.[14]

cluded as the average of the two alternatives. It has further been assumed that 80 percent of lease bonuses can be written off against taxable income after 2 years, and that the remainder is capitalized and unavailable as a tax deduction since the operator claims percentage depletion.)

The tax-paid corporate cost distribution curve is shown as Curve (a) in Fig. 4. (Not printed in RECORD.) "Cost" here requires careful interpretation—it has been defined through the equations in Appendix C as the lowest price at which a corporate operator can sell the crude oil and still realize a 12 percent return, net of all taxes. Where the price exceeds that "corporate cost", the operator will of course pay higher taxes but also will realize a higher net rate of return. Conversely, if the price is less than corporate cost, the rate of return will be less or even negative. Here, the tax shield due to the expensing of intangibles more than compensates for the incremental income-tax liability, so that the weighted average corporate cost was $1.40, which is 7¢/bbl less than the economic cost.

We can use the same set of basic data to estimate how much of the crude supply actually available in 1965 might not have been produced if the tax provisions had been different, just as a related analysis permits one to determine the impact of lower prices upon supply. This requires a three-step procedure to calculate how much oil production would have been "lost" under different tax regimes:

1. Derive the tax-paid corporate costs under the several revised tax regimes; and,

2. Estimate how much of the increase in corporate cost could have been absorbed in the form of reduced lease payments.

3. Determine the volume of higher-cost oil, the production of which would not have been financially feasible under the revised tax regime after correcting for reduced lease bonus payments.

The correction for lease bonuses and rentals is important in this context, since these rather substantial payments by the industry to the owners of mineral rights reflect the industry's *ex ante* projections of the difference between the future price level and the stochastically determined costs of production, net of tax shields. Thus, if the tax regime had been different and had resulted in higher tax liabilities, the first consequence would have been an immediate reduction in bonuses or rentals. Only if any increase in tax-paid costs were to exceed the equivalent of the lease payments would development and production activity have been reduced at the margin.

When we consider different tax regimes, it is not only the corporate, tax-paid costs for development and production that are affected, but also corporate finding costs. The latter would be increased by a reduction in or loss of the tax shield associated with the expensing dry holes or exploration costs connected with unsuccessful properties. The finding costs are also increased by any increase in the effective tax rate, which requires commensurately greater levels of pre-tax revenue to yield the same after-tax return on capital. The corporate finding cost, therefore, is influenced by percentage depletion as well.

Using the Foster estimates of the components of the average finding expenditure, together with the financial models from Appendices B and C, we have computed the tax-paid corporate finding costs under various alternative tax packages, and these are summarized in Table 4, along with the average tax-paid corporate production and development costs that would have resulted if the 1965 production pattern had been maintained in spite of the postulated changes in taxation.

TABLE 4.—IMPACT OF TAX REGIMES UPON CORPORATE FINDING, DEVELOPMENT, AND PRODUCTION COSTS

	Tax-paid corporate costs				
			Depletion allowed;	Depletion disallowed	
Finding costs	Outlay for reserves	Present taxes	IDC's capitalized	IDC's capitalized	IDC's expensed
Dry holes	$0.16	$0.44	$0.77	$0.96	$0.52
G & G	.16	.59	.77	.96	.96
Leases	.13	.48	NA	NA	NA
Total	.45	1.51	1.57	1.91	1.54
Average corporate development cost		1.40	1.73	2.20	1.76

We have considered the possibility of three changes in the present tax provisions that affect the oil and gas industry: (1) capitalizing intangible drilling costs; (2) capitalizing exploration outlays, including exploration dry holes; and (3) eliminating percentage depletion. Since each of the three principal tax provisions could be eliminated independently, there are nine possible combinations. The resulting estimates of the volume of production that would have been forgone, assuming no countervailing increase in the domestic price level, are tabulated below for five of the possible combinations of tax measures. All details of the computations have been omitted.

	Volume Lost, 1965 (B/D)
Percentage depletion retained but intangibles capitalized	
Impact of Tax Changes:	
Dry holes still expensed	0
Dry holes and geological and geophysical costs capitalized	−550,000
Percentage depletion disallowed	
Intangibles expensed	−850,000
Intangibles capitalized:	
Dry holes expensed	−1,600,000
Dry holes capitalized	−3,800,000

If the only change in the tax laws had been the capitalization of intangibles, the impact upon supply in this case would have been negligible, since the increase in the weighted-average, tax-paid cost of production would have been less than the component of lease bonuses and lease rentals. In that case, a reduction in lease bonuses and rentals would have compensated for the increased tax-paid costs resulting from the increased tax burden. None of the production, on the average, would have been rendered uneconomic. However, if the capitalization of intangibles had been combined with the capitalization of exploration outlays as well, including exploration dry holes, about 8 percent of production, or some 550,000 B/D, would have become uneconomic.

The probable impact upon domestic supply would have been far more serious if percentage depletion had been disallowed, again presuming that price levels remained unaffected. The elimination of the depletion allowance taken alone would have reduced supply by about 850,000 B/D. Coupled with the capitalization of intangibles, the loss of the depletion allowance would have reduced supply by about 20 percent and increased the need for imported oil by 1.6 million B/D. Finally, the simultaneous elimination of the depletion allowance and the capitalization of both intangible drilling outlays and exploration expenses would have cut domestic supply almost in half, necessitating an increase in imports by almost 4 million B/D (1965).

This analysis contains two important assumptions. On one hand, it is presumed that the highest-cost sources of oil could be eliminated selectively in order to reduce the average corporate cost of supply in response to higher tax liabilities. This is unrealistic since much of the higher-cost oil is produced as an adjunct of the exploration process and hence is a co-product of the lower-cost oil that is also found. To that extent, our calculation understates the loss in supply that might have resulted from the different tax regimes.

On the other hand, it is clearly possible for operators to differentiate between exploration prospects of different potential; and one response to higher taxes and reduced tax shields would have been greater selectivity in exploration activity. This would have reduced the average finding cost by an amount that, unfortunately, cannot readily be ascertained. This second effect biases our result in the direction of overstating the loss in production.

It is not possible to assess which of these two compensatory effects dominates, but it appears probable that the calculations still err in the direction of underestimating the effect upon domestic supply.

PART FOUR—SUMMARY AND CONCLUSIONS

The analysis outlined above has demonstrated that a significant fraction of total U.S. domestic oil production in 1965 was produced at an economic cost of less than $1. The weighted-average development and production cost was about $1.20/bbl, and the economic finding cost was almost the same, $1.22. After crediting 50¢/bbl for co-products, we estimated an effective economic cost of about $2/bbl at the wellhead.

To compare the economic cost of domestic oil with imports it was necessary to introduce three corrections: (1) the costs of an aboveground storage reserve equal to 90 days' supply of imported oil; (2) a shadow price for the net foreign exchange outflow (balance of payments effect) per barrel of imports; and (3) average costs of gathering and delivering domestic oil to District One, taken as the common point of comparison for imports vs domestic supply. On this basis it was concluded that the economic or resource cost of imports was as much as 40¢/bbl *higher* than the cost of domestic oil computed on a comparable basis.

Thus, even though imports were ostensibly cheaper than domestic oil by about $1.25 to $1.50/bbl, the relative prices significantly distort the relative economic costs; and the resource cost of imports, allowing for a very modest level of "insurance", is actually greater for imports, the price disparity notwithstanding. On that basis, the oil import control program, despite its inherent inefficiencies and the parallel economic waste imposed by the several state prorationing programs, imposed, on balance, no significant economic burden upon our national economy. Indeed, the oil import control program may quite inadvertently have resulted in a small but positive net economic benefit.

The same analytic model was modified to permit estimation of the effect of alternative income tax packages upon the corporate economics of producing different volumes of crude oil, using 1965 as the base year. Under the assumption that price levels otherwise would have remained unchanged, the elimination of any of the special write-off provisions known to the oil industry would have increased the corporate cost of finding, developing, and producing crude oil. The effect of such increased corporate costs—if percentage depletion, expensing of intangibles, or expensing of dry holes were eliminated singly or collectively—would first have been to reduce the lease rentals and bonuses. Any

excess increase in tax-paid costs over the equivalent amount of the bonuses and rentals would, however, have necessitated a reduction in drilling at the margin. Simultaneous elimination of all three tax features would have forestalled discovery and development of about one-half of U. S. crude supply or a volume of almost 4 million B/D in 1965.

EPILOGUE

These calculations, imperfect as they are, were possible only because the Bureau of Mines quite fortuitously carried out a study that classified oil production in the U.S. in 1965 by well depth and well flow rate. This is the crucial body of data needed to permit determining cost distributions and hence to measure the impact of tax changes or price levels upon supply. Further, if national policy in this strategically vital subsector of our energy economy is not to be made in a vacuum, more refined analyses of this nature should be carried out, emphasizing the effect of cost and discovery trends and embodying realistic models of the probabilistic process of exploring for hydrocarbons.

Such studies, buttressed by a systematic and more inspired program for collecting the statistical data needed for policy analyses, are indispensable if the legislative environment for the oil and gas industry is to be guided by reasoned judgments and careful deliberation, as contrasted with being dictated by the vagaries of the national media or political sloganeering.

Although the volume of writings or hearings on the industry is almost overwhelming, all too little is known about the interactions of the key economic and policy factors, and these gaps are now much more serious than ever before.

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APPENDIX A

ESTIMATION OF AGGREGATE RESERVOIR DECLINE RATES AND WELL LIFETIMES

Our analysis requires both an estimate of the average decline rate for oil reservoirs in the U.S. and a measure of the approximate average lifetime for a producing well. Neither of these parameters can be estimated or calculated directly, but two related variables—the aggregate reserves to production ratio (R/P) and the well abandonment rate—can be observed empirically. We shall use these two sets of data to estimate internally consistent values for the aggregate decline rate applicable to U.S. oil reserves and the economic well lifetime.

Let us first assume that reserve additions have been made at an exceptionally increasing rate over a period of T years, where T is the average economic lifetime. This case can then be specialized to include steady-state equilibrium where reserve additions and production levels are approximately constant. If V_t^i is the initial level of production realized from the reservoirs added in the current year, then the total current-year production, V_t, from all reservoirs added during the T prior years is.

$$V_t = V_t^i \int_0^T e^{-\delta t} e^{-xt} dt = V_t^i S(\delta+g)$$

$$S(x) = \frac{1}{x}(1-e^{-xT}) \qquad \text{(A-1)}$$

g=growth rate

under the assumption of a uniform exponential reservoir decline rate, δ.

Similarly, the reserves remaining after a given reservoir has been exploited for T years are

$$\rho_t = V_t^i \frac{e^{-\delta t}}{\delta}(e^{-\delta T} = e^{-\delta T}) \ldots \qquad \text{(A-2)}$$

The total reserves remaining in all the reservoirs of ages zero through T are equal to the integral of Eq. A–2 over time:

$$R_t = \frac{V_t^i}{\delta}[S(\delta+g) - e^{-\delta T}S(g)] \ldots \qquad \text{(A-3)}$$

The R/P ratio equals Eq. A–3 divided by Eq. A–1:

$$\text{R/P} = \frac{1}{\delta}\left[1 - e^{-\delta T}\frac{S(g)}{S(\delta+g)}\right] \qquad \text{(A-4)}$$

This relationship defines δ and T jointly in terms of the direct observables, g, and the R/P ratio. If g vanishes, we obtain the limiting case.

$$(\text{R/P})^0 = \lim_{g \to 0} \text{R/P} = \frac{1}{\delta}\left[1 - \frac{Te^{-\delta T}}{S(\delta)}\right]. \qquad \text{(A-5)}$$

The most immediately discernible feature of Eq. A–4 or A–5 is the fact that the equivalent decline rate is not equal to the reciprocal of the R/P ratio, nor is that reciprocal even a reasonably good proxy for the reservoir decline rate. Since the second term within the brackets in Eq. A–4 is less than unity, the decline rate will be appreciably less than the reciprocal of the R/P ratio; or conversely, the true R/P ratio will be significantly less than the reciprocal of the aggregate reservoir decline rate. The discrepancy is illustrated in Table 5.

TABLE 5.—DEPENDENCE OF R/P RATIO UPON RESERVOIR DECLINE RATES

Decline rate	Well lifetimes		
	T=15	T=25	T=35
0.01	6.9 (7.5)	12.0 (13.9)	16.8 (19.7)
0.05	6.6 (7.0)	10.0 (10.9)	12.6 (13.8)
0.08	6.0 (6.4)	8.6 (9.4)	10.2 (10.6.

Source: Eqs. A–4 and A–5.

Note: R/P ratios given in parentheses correspond to case where total reserves grow at the rate g=0.04.

Thus, if T=25 years and the growth rate is zero, an R/P ratio of 10 to 1 is equivalent to a decline rate of 0.05. This is one-half the value given by the reciporcal of the R/P ratio; i.e., 1/10 equals 0.10. We note also from Table 5 that the values for the R/P ratio where the growth rate is 4 percent/year (given in parentheses) do not differ greatly from those for the zero-growth case, unless the decline rate is unrealistically low. Thus, the subsequent calculations will be based upon the zero growth assumption, since the average growth rate in new reserve additions has certainly not been greater than 4 percent, if indeed it is much different from zero. There has been little growth in the level of annual additions to U.S. domestic reserves since World War II, and we are justified in using the zero-growth assumption, recognizing that in any event the results are not particularly sensitive to the underlying growth rate.

The observed R/P ratio for the U.S. fluctuated between about 11.5 and 13.5 from 1947 to 1964 and declined thereafter, approaching 10:1. If we take 12 as a representative average figure for the postwar period, then that ratio is equivalent to a range of pairs of values for δ and T—if δ=0.01, then T must equal 25; if δ=0.05, then the associated value of T is about 31; and if δ is as high as 0.08, the associated value of T must be appreciably greater than 40 years.

The choice may be narrowed if we introduce additional information from an analysis of the pattern of well abandonments, which delimits the admissible values of the average well lifetime, T. Using the same production model as before, one may show that the fraction of all wells abandoned in any year in the steady state becomes

$$\text{Abandonment rate} = \frac{g}{(1+g)[(1+g)^T - 1]}. \qquad \text{(A-6)}$$

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If the growth rate is zero, then the abandonment rate simply equals the reciprocal of the average lifetime, $(1/T)$. If g is not zero, the abandonment rate is a more complicated function of T. For example, where T = 30 years and g = 0.04, the abandonment rate would be 0.017. The empirical value for the abandonment rate has oscillated between 0.017 and 0.022 from 1958 through 1965, and a parametric study of values for T and δ which we shall not reproduce here, has led to the assessment that the values δ=0.05 and T = 30 years were most consistent with the observed data on the R/P ratio, the growth rate in reserve additions, and the well abandonment rate.

APPENDIX B

CALCULATION OF ECONOMIC DISCOVERY COSTS

The costs of finding hydrocarbon reserves are conventionally stated in terms of the expenditure per barrel of recoverable oil reserves discovered or per Mcf of producible gas. The figures are obtained by relating historical data on annual expenditures for exploration to the annual data on increases in reserves. We must use these figures, since

they are all that presently exist, despite the following serious deficiencies:

1. Even if otherwise correct, the figure of x dollars per barrel, for example, seriously understates the economic cost. A barrel of reserves is produced over a period of years, not instantaneously, so one must allow for the time lag between discovery and the ultimate production. It is this effect that we shall compute in this appendix.

2. The "finding-cost" figures are retrospective, reflecting prior technology and prior availability of geological prospects. The estimates, if confined to a narrowly defined geological province, even when corrected as suggested above, are likely to be low, reflecting the steady exhaustion of the better prospects. More generally, the future finding cost can decrease if technology is improved or it can increase if no new areas with better prospects are opened up.

3. A large part of the increased reserves is related to extensions and revisions of reserve estimates for fields long since discovered.

4. The allocation of exploration activity between oil and gas discoveries necessarily involves rather arbitrary assumptions, since the "directionality" of exploration is difficult to specify.

Here, we must perforce accept the available estimates for the expenditure per barrel of reserves, and we shall derive a relationship that permits us to compute either the economic or the corporate costs of finding a barrel. To estimate the full cost of discovering a barrel of oil, we need to convert a "finding cost," which is stated in terms of an expenditure per barrel of reserves, into the equivalent figure per barrel of oil produced. In other words, the static figure must be converted into a dynamic value, since the development and lifting costs are related to production levels, whereas the finding cost is measured in terms of reserve inventories.

The economic finding cost, therefore, is a function of (1) the time lag between the exploration for and the commercial development of the reserves; (2) the decline rate of the reservoir, which in turn depends upon the development pattern and the reservoir drive mechanism; and (3) the opportunity cost of capital or the discount rate. Let us idealize the discovery/development production sequence as shown in Fig. 5. Let the midpoint of the exploration program (shown cross-hatched in the figure) be taken as time zero; then there is a lapse of t years until development begins and a further lag of 1 year between the commencing of development and the production of those reserves discovered $\tau + 1$ years before. The reservoir is assumed to be produced at an initial rate of V_i bbl/year, and production beginning of the year in which production declines exponentially at a rate δ until it terminates in year. T.*

The present discounted value of the physical stream of production, referenced to the commences, is

$$PV = V_i \int_0 e^{-\delta t} e^{-Rt} dt$$

$$= \frac{V_i}{\delta + R} [1 - e^{-(\delta+R)T}] = V_i S(\delta + R) \quad . . . \quad (B\text{-}1)$$

If the exploration expenditure, K^I, is compounded forward to the same point in time, allowing the lag of τ years until development and the additional year between development and commercial production, we find for the present value of the exploration expenditure,

$$PV(Expl) = (1 - \tau) K^I e^{(\tau+1)R} \quad . . . \quad (B\text{-}2)$$

where τ is the effective tax rate applicable to exploration.**

The effective exploration charge, net of any applicable tax offsets, which must be borne by each barrel of ensuing production, equals the after-tax expenditure, Eq. B-2, divided by the discounted volume of future production, Eq. B-1:

$$\text{Finding cost} = \frac{(1-\bar{r}) K^I e^{(\tau+1)R}}{V_i S(\delta + R)} \quad . . . \quad (B\text{-}3)$$

Exploration expenditures are most readily measured in relation to reserves discovered; the relationship between reserves V_o, the initial flow rate, V_i and δ is

$$V_o = V_i \int_0^T e^{-\delta t} dt = \frac{V_i}{\delta}(1 - e^{-\delta T}) = V_i S(\delta).$$

*Although this model is starkly idealized, further refinements add little to the precision of the ensuing calculations.

**The applicable effective tax rate can be only estimated, since the tax status of the several principal components of exploration expenditures are different. The intangible costs of dry holes can be written off directly, whereas the other expenditures are generally capitalized if the search is successful, or written off later against taxable income, once an area is abandoned. Thus, even though a sizable fraction of the total outlays, besides exploratory dry holes, will ultimately be deducted from income, that deduction is generally deferred and the present value of the deduction is correspondingly reduced.

. . . . . (B-4)

If Eq. B-4 is substituted into Eq. B-2 we obtain an expression for the finding cost per barrel, or production in terms of the exploration outlay per barrel of reserves discovered (K^I/V_o), which is an observable quantity:

$$\text{Finding cost} = (1-\bar{r}) e^{(\tau+1)R} \frac{S(\delta)}{S(\delta+R)} \left(\frac{K^I}{V_o}\right)$$

. . . . . (B-5)

In particular, the economic or resource cost is obtained by letting τ vanish above:

$$\text{Economic finding cost} = e^{(t+1)R} \frac{S(\delta)}{S(\delta+R)} \left(\frac{K^I}{V_o}\right)$$

---------- (B-6)

Thus, if the average reservoir decline rate, δ, is 0.05, T is 30 years, R is 12 percent, and the gestation lag, t, equals 2 years, the economic finding cost per barrel of production is 3.82 times the expenditure per barrel of reserves found. For example, if the average expenditure per barrel of reserves is 30¢, the economic cost per barrel of production equals $1.15, which is significantly greater.

The corporate, after-tax cost can be derived using an analysis parallel to that illustrated in detail in Appendix C. On the one hand, when taxes are considered the cost compared with the economic cost is reduced, since a large part of the exploration outlay is deductible from taxable income elsewhere and thus reduces the firm's taxes. On the other hand, "cost" is increased in the sense that a tax liability is incurred on future production, so that increased receipts are needed per barrel in order to yield a net cash flow equivalent to an after-tax rate of return of 12 percent.

The resulting calculations are summarized in Table 6. The factor by which the cost per barrel of reserves must be multiplied lies between 3.41 and 3.93, depending upon the extent to which the net income limitation upon the depletion allowance applies. Thus, a finding expenditure of 30¢ per barrel of *reserves* adds $1.02 to $1.18 to the corporate cost per barrel of *production*.

APPENDIX C

ECONOMIC ANALYSIS OF DEVELOPMENT AND PRODUCTION COSTS AT THE WELLHEAD

The principal determinants of the economic cost of production at the wellhead from a given reservoir are (1) the depth of the formation; (2) the location of the field (on-shore, offshore, the middle of a mangrove swamp); (3) the initial flow rate of the wells; and (4) the reservoir decline rate.*

TABLE 6.—ECONOMIC FINDING COST FACTORS

	Tax-paid costs				
	Depletion allowed		Depletion disallowed		
	IDC's expensed	IDC's capitalized	IDC's expensed	IDC's capitalized	Resource cost
Dry holes	2.75	[1] 4.83	3.24	5.96	3.82
G&G	3.67	[1] 4.83	5.96	5.96	3.82
Lease costs	3.67				

[1] Assume unsuccessful exploration outlays are amortized rather than expensed.

Note: To obtain corporate or economic costs per barrel produced, use factors in table to multiply the outlay per barrel of reserves discovered.

The gross capital investment for drilling and completing a well, plus the requisite lease facilities, is primarily a function of the first two physical factors and secondarily dependent upon the third. The unit lifting cost, although primarily dependent upon the third factor, flow rate, is influenced by the first two.

It is generally possible to specify a value for the well outlay, including lease equipment, and also for the lifting costs (VOC's) as a function of depth and production rate. The analysis below presumed that the capital outlays, K, and lifting costs, C_o, depend upon both depth and flow rate—i.e., $K = K(d, V_i)$—so that a different set of cost figures will in practice be obtained for different well depths and flow rates. The equations are invariant, however.

Let the physical parameters be subsumed into the following economic variables:

c=average lifting cost per barrel of production

C_o=annual lifting costs per well

K^e=lease equipment outlay

K_d=allocated outlay for drilling development dry holes

*We do not explicitly include secondary recovery projects here. The associated costs are submerged in the aggregate costs and investment data, and it was thus not possible to refine our analytical model.

K^w=outlay for drilling and completion of well

t=time

T=average well lifetime

V_i=initial flow rate

V_o=average recoverable reserves per well

δ=well decline rate (presumes exponential decline)

τ=lead time

The well investment is assumed to be made 1 year before the beginning of production, which is at the annual rate V_i. Production declines exponentially at a rate of δ, until it ceases completely after T years (see Fig. 5). The empirical determination of these variables will be discussed later.

The operator's after-tax cost of drilling the well and equipping the lease equals the initial gross outlay less the tax shield generated by the deduction for intangible drilling costs (estimated at 70 percent of the well outlay) and the expenditure for development dry holes:

After-tax initial outlay=

$$(1-0.7r)K^w+(1-r)K^d+K^e \qquad \text{(C-1)}$$

where r is the income-tax rate.

The net wellhead value of the crude is P_N, after deducting the royalty and any severance or production taxes; and the annual wellhead receipts are

$$\text{Revenue } (t)=P_N V_i e^{-\delta t} \quad . \; . \; . \; . \quad \text{(C-2)}$$

The deductible costs for determining taxable income are the lifting cost, C_o, plus the depreciation or amortization of the lease equipment investment and the tangible drilling outlays:

$$\text{Deductible expenses } (t)=C_o+(0.3K^w+K^e)\cdot\frac{V_i}{V_o}e^{-\delta t}, \qquad \text{(C-3)}$$

where we have assumed that both classes of expenditures are depleted on a unit-of-production basis.

To determine the income tax liability we must incorporate the depletion allowance, which involves two cases: 27.5 percent (of wellhead receipts before revision), or 50 percent of net income. The latter is equivalent to an effective tax rate of 0.5r. Any real example is a mixture of these two subcases, since the latter option is invoked if the former case implies a depletion allowance deduction that would otherwise exceed one-half of net income. The tax liabilities become, respectively,

$$r\left[0.725P_N V_i e^{-\delta t}-C_o-(0.3K^w+K^e)\frac{V_i}{V_o}e^{-\delta t}\right] \qquad \text{(C-4)}$$

$$\frac{r}{2}\left[P_N V_i e^{-\delta t}-C_o-(0.3K^w+K^e)\frac{V_i}{V_o}e^{-\delta t}\right] \qquad \text{(C-5)}$$

These two cases are the upper and lower bounds for the tax liability.

The net after-tax cash flow accruing to the operator equals the wellhead revenue (Eq. C–2) minus the operating costs, C_o, and minus the tax liability (Eq. C–4 *or* C–5):

$$P_N V_i e^{-\delta t}(1-0.725r)-(1-r)C_o+ r(0.3K^w+K^e)\frac{V_i}{V_o}e^{-\delta t} \; . \; . \; . \quad \text{(C-6a)}$$

$$P_N V_i e^{-\delta t}(1-0.5r)-\left(1-\frac{r}{2}\right)C_o+ \frac{r}{2}(0.3K^w+K^e)\frac{V_i}{V_o}e^{-\delta t} \; . \; . \; . \quad \text{(C-6b)}$$

If we take the present value of the two after-tax cash flow streams defined above and equate the results to the after-tax value of the initial capital outlays (Eq. C–1), we obtain equations for the minimum net wellhead revenue per barrel, P_N, which will provide the operator with a given rate of return, R, on his investment after covering all costs and taxes:

$$P_N=\frac{1}{A}\left[B\left(\frac{C_o}{V_i}\right)+D\left(\frac{K^d}{V_i}\right)+E\left(\frac{K^e}{V_i}\right)+F\left(\frac{K^w}{V_i}\right)\right], \qquad \text{(C-7)}$$

TABLE 7.—COMPONENTS OF CORPORATE WELLHEAD COST[1]

Coefficient	27½ percent of gross case	50 percent net case
A	$S(\delta+R)(1-0.725r)$	$S(\delta+R)(1-0.5r)$
B	$(1-r)S(R)$	$(1-0.5r)S(R)$
D	$e^R(1-r)$	$e^R(1-r)$
E	$e^R-\frac{rS(\delta+R)}{S(\delta)}$	$e^R-\frac{0.5rS(\delta+R)}{S(\delta)}$
F	$e^R(1-0.7r)-\frac{0.3rS(\delta+R)}{S(\delta)}$	$e^R(1-0.7r)-\frac{0.15rS(\delta+R)}{S(\delta)}$

[1] The factor e^R in coefficients D, E, and F incorporates the assumption of a 5-year lag between the investment and the first cash flow.

where the coefficients A, B, D, E, and F are given in Table 7 for the two assumptions concerning the depletion allowance.

The economic cost is obtained from Eq. C–7 by letting r vanish, or

$$P_{econ}=\frac{1}{S(\delta+R)}\left[S(R)\frac{C_o}{V_i}+\frac{e^R}{V_i}(K^d+K^w+K^e)\right] \qquad \text{(C-8)}$$

EMPIRICAL CONSIDERATIONS

In practice, C_o and V_i are not directly observable; instead one measures C, the average lifting cost for a given category of well, weighted over all ages, whereas the investment figures are obtained in one of two forms: (1) *investment per barrel of reserves;* or (2) *investment per daily average barrel of production.* Under our basic assumption of an exponential decline rate, δ, the average per-barrel lifting cost, as measured over a sample of all wells of ages zero to T, can be expressed in terms of the well lifetime, T, the decline rate, δ, the annual VOC's, C_o, and the initial flow rate, V_i:

$$\overline{C}=\frac{TC_o}{V_i S(\delta)}=\frac{T}{S(\delta)}\left(\frac{C_o}{V_i}\right), \qquad \text{(C-9)}$$

provided that the drilling rate has been approximately constant, so that the age distribution is stable. Thus, the expression $S(\delta)C/T$ should be substituted for C_o/V_i in Eq. C–7 or C–8.*

In the case of the first alternative, above, the reserves, V_o, associated with an initial flow rate of V_i equal $S(\delta)$, so that it suffices to replace V_i in terms D, E, and F by $V_o/S(\delta)$, and the expressions (K^w/V_0) etc., are then empirically observable. In the case of the Bureau of Mines survey data, on the other hand, average flow rates, V, are recorded for a group of wells in a given class, and the equivalent value for V_i, assuming a steady-state development history.

$$V_i=\frac{T\overline{V}}{S(\delta)} \qquad \text{(C-10)}$$

*The economic lifting cost per barrel is less than the average lifting cost. Since the lifting costs vary inversely with the flow rate, they are lowest in the earlier years, and thus the lower figures are weighted more heavily when the present value is taken.

When the above is substituted into Eq. C–7, the terms (K_w/V), etc., again are measurable.

The value of the parameters used here are as follows: δ=0.05, T=30, R=0.12, and r=0.50, and the coefficients in Eq. C–7 and C–8 for both cases are given in Table 8.

TABLE 8.—COST COMPONENT COEFFICIENTS (AFTER TAX)

Term		Cases: 50 percent net income depletion	27½ percent gross income depletion	Resource cost (no tax offsets)
Average lifting cost	$\overline{C}$	0.562	0.716	0.714
Development	(K^d/V_o)	2.35	1.97	6.99
Dry holes	$(K^d/\overline{V})$	.078	.0665	.100
Lease	(K^e/V_o)	3.91	3.67	2.99
Equipment outlays	$(K^e/\overline{V})$	.130	.122	.100
Well drilling and completions	(K^w/V_o)	2.81	2.49	2.99
	$(K^w/\overline{V})$	.094	.083	.100

Thus, if the observed average lifting cost for wells in a given class is, say, 35¢/bbl, the economic cost is 0.714 r × 35¢, or 25¢, and the contribution to after-tax costs would be somewhere between 19.7¢ and 25.1¢, depending upon which alternative form of the depletion allowance prevails.

Similarly, if the well-drilling expenditure per barrel of reserves is estimated to be 40¢, the economic cost equals 2.99 × 40¢, or $1.20, and the after-tax cost component is $1.00 to $1.12. Finally, if the drilling investment per well is expressed in terms of dollars per *average* flow rate—for example, if the figure is $7.07 per annual average barrel for a 5,000-ft well with an average flow rate of 21.3 B/D—this is equivalent to a drilling cost of $7.07 × 0.10, or 71¢/bbl, spread over the whole production history from year zero through year T=30.

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DISCUSSION

(By Arlon R. Tussing, Committee on Interior and Insular Affairs, U.S. Senate)

This comment on Thomas R. Stauffer's paper "Economic Cost of U.S. Crude Oil Production" is probably impolitic. It is a venture into essentially destructive criticism, because the principal policy issue that generated Stauffer's essay has become moot. The import quota system was moribund when the paper was written, and it has now vanished with hardly a whimper. Moreover, I do not propose to follow up my negative comments with any calculations of my own.

Imported oil has been cheaper to American consumers than domestic oil; but, as Stauffer argues, price differences exaggerated the advantages of imports to the economy as a whole. He concludes that in his base year (1965) oil import quotas ". . . imposed on balance insignificant economic burdens on our national economy . . . [and may] have resulted in a small but positive net economic benefit."

Stauffer measures the economic cost of the quota system, per barrel of oil consumed, by the difference between average production and transportation costs for domestic oil (deflated by a credit for the production of associated natural gas and natural gas liquids) and the landed price of foreign oil (increased by the cost of storage as insurance against an interruption of imports and by a premium for the "scarcity value" of the U.S. dollar). This comparison implicity assumes (1) that each additional barrel of imported crude oil displaces exactly one barrel of domestic crude; (2) that the cost of imported crude oil to the U.S. economy is its *price* (plus adjustments); and at the same time (3) that the relevant cost of domestic crude oil is the *average*

economic cost of producing it (less co-product adjustments).

Each of these assumptions is in principle unacceptable and imparts a substantial bias to the total cost estimate.

1. An increase in import volumes would have reduced U.S. crude-oil prices and thereby induced an increase in crude-oil consumption (for example, by encouraging substitution of oil for coal as boiler fuel). The reduction in domestic production would therefore be less than the increase in imports.

2. Stauffer's main thesis hinges on the difference between price and economic cost, but apparently only with respect to *domestic* output. The assumption that import costs are equal to their price assumes away the existence of any "transfers" from buyers of imported crude oil to the international (U.S.) oil companies. There are sufficient theoretical grounds and a considerable quantitative literature (including Stauffer's own writings) arguing that these rents are substantial.

3. An increase in oil import volumes would have backed out not average-cost domestic production but the *highest-cost* domestic production. The argument thereby understates the economic cost of the domestic production displaced by imports, because it confuses average and incremental cost. This last and most damaging error is remarkable because Stauffer derived his average cost figure from an array of cost estimates for different well depths, which together with flow rates would have permitted some approximation of an incremental cost calculation.

Further comments I make advisedly. Despite mathematical appendices, Stauffer's definitions, assumptions, sources, and procedures are not always clear. Nevertheless, there are evident flaws in several of the individual cost and adjustment items.

Stauffer defines "finding costs" as outlays for exploration dry holes and for geological and geophysical work; "development costs" are outlays for drilling and completing producing wells and equipping the leases. A standard technique was used to allow for the delay between these outlays and commercial exploitation of the reserves and to take into account the period over which the reservoir is produced. This procedure, however, leads to a substantial doublecounting. The bulk of reserve additions in a particular reservoir, or a particular year, takes the form of extensions and revisions, rather than new field discoveries. Therefore, reserve additions are mainly attributable economically (that is, at the margin) to outlays for development rather than for exploration as defined by Stauffer, in practice it is impossible to segregate the proportion of total production owing to the two categories of outlay, but Stauffer's method distributes the payoff for exploration costs over the entire life of a reservoir proportionally to production, and thereby seriously exaggerates the average waiting time for recovery of this investment. The bias injected by this procedure works against the author's thesis because it exaggerates domestic finding costs. (It is worth noting that the Foster Associates report from which he derived his cost estimates does not rely upon the addition of such exploration and development costs, but rather upon a discounted cash flow analysis relating the stream of revenues to the single stream of exploration and development expenditures.)

Despite the fact that field price regulation for natural gas has existed since 1954 it is doubtful that "the regulated price [was] less than the opportunity cost of gas" before about 1969. In Stauffer's base year, 1965, there were no signs of an undersupply disequilibrium. His figure of 51¢/Mcf is certainly much too high for the opportunity cost of gas at the wellhead because that price had to cover transportation of gas to the most distant market in which it would have been competitive with oil. It could be reasonably argued that actual wellhead prices in 1965 were *higher* than the opportunity cost of gas, because the prices at which gas equilibriated with oil were those of domestic rather than imported oil. In any event there is no one meaningful figure for the opportunity value of the natural gas that would have been displaced by oil imports; a valid estimate would have to take into account the movement in space of the gas-oil price watershed as well as the direct impacts of price and volume change.

Calculation of the appropriate premium on domestic oil to reflect the "scarcity value" of the U.S. dollar is in Stauffer's word "elusive". He has committed another anachronism here, because it is doubtful whether a significant balance of payments disequilibrium actually existed in 1965. "Buy-American" legislation affecting military purchases existed even when we had an embarrassingly chronic payments surplus, and it is hardly evidence either for the existence or for the size of a premium on domestic oil purchases. We do, however, have a clue concerning the overevaluation of the U.S. dollar that existed in early 1972, in the revaluations that took place along the way to the present floating exchange rates. The dollar fell about 20 percent against the world's strongest currencies, and its average drop, weighted by the volume of U.S. trade, was considerably less. Accordingly, Stauffer's estimate of the balance of payments premium would have been an exaggeration even in 1972, and is wholly irrelevant to 1965.

Finally, experience over the life of the mandatory import quotas suggests that Stauffer's estimate of the risk premium is too high, at least for 1965. The incidents that have actually threatened partial interruption of imports—the two Suez wars—could have been offset even under conditions of unrestricted imports with considerably less than 90 days' storage capacity calculated against all imports, regardless of how secure or insecure. I do not mean by this comment to underrate the *present* risk of supply interruptions nor the cost of insuring against this risk.

In summary, Stauffer has raised some points that economic historians ought to bear in mind when reviewing the work of the Cabinet Task Force on Oil Import Control, and particularly the Task Force estimates of the historic cost of the quota system. Moreover, in any future benefit-cost exercise concerning tariff or quota protection for the domestic petroleum, adjustments need to be made for transfer payments, or co-products, for the risk of supply interruption, and for the overevaluation or underevaluation of the national currency. In our present circumstances, however, the magnitude or importance of most of these adjustments should not be exaggerated.

The economic costs of new domestic energy supplies—domestic oil and gas, clean fuels for coal or oil shale, or nuclear power—will not generally be less than the delivered cost of imported crude oil. If the domestic fuels that currently do, or could in the future, substitute for imported oil did indeed cost less than imports they would be competitive with foreign supplies. For example, experience suggests that substantial new petroleum supplies on the Outer Continental Shelf and in Alaska could be developed and delivered to U.S. markets at cost less than the landed price of foreign crude oil. But such low-cost reserves would therefore likely be developed even if foreign oil were imported without limitation. Production from the OCS and Alaska is not, however, expected to meet the whole of the United States' replacement and incremental fuels demand. The bulk of this growth must be served either from costlier domestic sources, or from oil imports (whose future costs are now highly uncertain).

The conclusions of Stauffer's Part Three, "Impact of Taxation Upon Costs and Supply Availability," are extremely important if they are valid. I have not commented upon them in detail because the methodology of that section is particularly obscure. There is language suggesting that an incremental cost approach was used or at least understood ("It is presumed that the highest-cost sources of oil could be eliminated selectively. . . .") but the repeated references to the use of "average tax-paid" costs indicate otherwise. If Stauffer is indeed projecting the average impact of each tax provision, his conclusions exaggerate the sensitivity of oil production to these provisions, and are of little theoretical or policy interest.

Mr. BARTLETT. One other comment is, that unregulated prices are encouraging drilling for loopholes rather than oil. If I recall correctly the statement of the distinguished Senator, he referred to a big loophole in the stripper well provision which would permit—he said he checked this out—the twinning of a well, drilling one well next to another in a stripper field, and that, somehow or other, this was going to defeat the spirit of the law and violate it and would enable that producer to illegally or improperly make more money himself but not really to bring in more oil. Senator HANSEN very ably pointed out that there was no incentive to drill a new well where stripper production existed, because strippers are already exempt from price controls.

Second, I point out to the distinguished Senator that the State regulatory agencies do not allow wells to be drilled right next to another well, as he implied. In almost every State, they have spacing requirements that limit one well to 10 acres, 20 acres, 40 acres, 160 acres, or 360 acres, and another well would not be legal.

In addition, the tremendous cost for drilling a well precludes an operator from putting down a well adjacent to another well, because his only hope would then be to have the two wells produce what the one well already is producing, and he would be suffering from a doubling of his lifting costs and his investment. So this would not be pursued.

Mr. President, I should like to yield the floor and to have the time available to me, which I have not used, allotted to the Senator from Arizona. I thank the Senator from Arizona for this time.

The PRESIDING OFFICER. Who yields time?

Mr. EAGLETON. I wonder if the floor manager, Mr. JACKSON, could clarify one point about the rollback provision of this conference report which has been of paramount concern to me. And that has to do with the staggering increases in the price of propane gas that have taken place over the past year—in some cases increases of 300 percent. You might recall that you and I discussed this problem prior to the hearing on the rollback provision. As it stands in this report, is it clear that the rollback provision includes propane?

Mr. JACKSON. I am glad the Senator raised that point, because it is a problem of concern to many Senators here. The

answer to his question is yes, rollback provision does include propane. I am well aware of the Senator's interest in this question and it was at his suggestion that I had the words "including propane" added to the provision so as to remove any question about it being covered. Specifically, we estimate a rollback of about 50 percent in the price of propane if this conference report is adopted. Where the average national price is now about 42 cents, it would go back to about 22 cents.

Mr. EAGLETON. I thank the distinguished floor manager for his consideration of this problem which is of serious concern in Missouri which is the No. 2 user of propane in the Nation. I wholeheartedly support the rollback and I will support the conference report.

OVERCHARGE IN OIL PRICES WILL COST CONSUMERS $7.7 BILLION A YEAR

Mr. JACKSON. I yield myself such time as I may require.

Mr. President, the administration's failure to impose ceilings on crude oil prices is incomprehensible for a wide variety of reasons.

First, it is costing consumers $20 million a day, $7.7 billion a year, in overcharges.

Second, it is bad economic policy. Uncontrolled oil prices at artificially high, cartel-set levels feed inflation.

Third, the administration's decision to deregulate one-third of all domestic crude oil is illegal. Section 4 of the Emergency Petroleum Allocation Act requires that all crude oil be under price controls.

Today the Senate will have a chance to reverse this policy that overcharges consumers, that benefits only the oil industry, and which violates a law Congress adopted only 4 months ago.

Mr. President, if firm and decisive action is not taken to roll prices back to reasonable levels, this unconscionable overcharge will cost American consumers $7.7 billion over the next year. This is $35 for every man, woman, and child in the country. For the average family, this will mean an additional $140 to $200 a year increase in their fuel bill for gasoline, heating oil, and propane. This increase is over and above, and in addition to, the major increases in fuel prices which were experienced late last year.

Current domestic price levels for unregulated crude oil of $10 per barrel and up are totally artificial prices. These prices are not determined by the forces of competition. These prices are rigged. They are being dictated by an international cartel of Arab nations. These are the same nations that imposed the oil embargo against the United States in retaliation for our aid to Israel.

Respected oil analysts on Wall Street and elsewhere say that these price levels will not buy increased supply. The real constraint on supply today is not price. At $5.25 a barrel, there is plenty of incentive to bring in new supply. This is 32 percent higher than the price of crude oil last May, less than a year ago. The constraints today are shortages: shortages of trained manpower, tubular goods, drilling rigs, and practically every other material a high technology industry needs.

The unregulated and artificially high price of domestic crude oil is counterproductive. It is retarding exploration for and development of new oil discoveries. Instead of encouraging the development of new wildcat acreage, the present price structure does the opposite. It encourages the drilling of new wells on old reservoirs that are already in production.

These new wells divert scarce drilling rigs, pipe, other equipment, and manpower away from new exploration for the sole purpose of taking advantage of major loopholes in the price system. These loopholes enable the unscrupulous to take advantage, to double the value of their "old" oil—their presently producing fields—by simply drilling and pumping the oil through new wells.

Pursuit of this loophole enriches owners of producing fields. It does not produce more oil. There is no requirement under the administration's program that 1 cent of this windfall be put back into the ground to develop new supplies. And the facts are that precious little is being put back into the ground.

Mr. President, over the past year, average crude oil prices have doubled. They have gone from $3.40 per barrel in January 1973, to $6.75 in January 1974. And while domestic crude oil prices have doubled, domestic production has remained constant. A doubling of prices has failed to elicit any new supply. In January 1973, total domestic production was 10,859,000 barrels per day. In January 1974, total production stood at 10,893,000 barrels—an increase of only 34,000 barrels.

This is what the American consumer is getting in the way of new supply at a cost of $20 million a day.

Mr. President, the present system is the worst possible of all price systems, from the standpoint of developing new energy sources.

It is common knowledge in the oil industry and elsewhere that today's unregulated prices are artificial and unstable, and that they do not provide benchmarks for long-term investment decisions. Instead, they provide only a short-term opportunity for taking windfall profits and investing these profits elsewhere, where there is more stability—in land development, in circuses, in the stock market, and in Government bonds.

Why is there wide recognition on Wall Street and in the industry that these prices will not hold up for long?

First, the administration's exemption of three of the major categories of crude oil from price controls is illegal. It is in direct contravention of the provisions of the Emergency Petroleum Allocation Act, which became law on November 27, 1973. It is only a matter of time until litigation is initiated to require the administration to comply with the law.

Second, as noted above, these artificial cartel price levels serve no economic purpose. They are, in fact, counterproductive. They reduce longer term supply. They compel cynical and foolish distortions in the allocation of capital, material, and labor.

Third, the Congress at some point will act to protect the public by rolling these prices back by legislative action.

Mr. Simon, the FEO Administrator, recognizes that present price levels are unreasonable. Reports in the national press and in trade journals contend that within the administration he has advocated a price rollback but has been turned down by Roy Ash, Herbert Stein, and the White House palace guard.

The trade associations for the oil companies' own studies and data recognize that current deregulated prices are $3 to $5 per barrel above long-term price levels required to achieve domestic self-sufficiency and to bring in alternate sources of energy such as oil shale, coal liquefaction and gasification, and geothermal resources.

The Federal Government's studies also conclude that there is no justification for average oil prices of $10 per barrel.

The FEO says:

> The long-term supply price . . . is $7 per barrel. . . . (January 1974.)

The Department of the Treasury says:

> Our best estimate is that it would be in the neighborhood of $7 per barrel *within the next few years*. (December 1973.)

The Independent Petroleum Association of America says that—

> . . . an average price of about $6.65 per barrel for crude oil would be required in the long run to achieve 85% self-sufficiency . . . by 1980. (1973 projections.)

The National Petroleum Council says that—

> For maximum attainable self-sufficiency by 1980 a price of $4.05 would give a 10 percent rate of return, while a price of $5.74 per barrel would give a 20 percent rate of return. (December 1973.)

Mr. President, it is ludicrous for the administration to be asking Canada, Venezuela, Iran, the Arab nations, and other producing countries to lower the prices of their oil—something we have no control over—when the administration refuses to limit domestic oil prices—something we do have control over.

The producing nations' best argument for maintaining artificially high prices for their oil is that their prices are about equal to the price of uncontrolled U.S. crude oil. Why, they ask, should they sell to us for less than we allow domestic producers to charge? That is exactly what the Canadians told us to our faces a few days ago when we asked them to cut back their prices.

This administration is still committed to the 19th century notion that the way to deal with the energy shortage is to limit demand by raising consumer prices.

The White House either does not know or does not care that this foolish and intellectually indefensible policy has cruel and disastrous consequences for the poor and the middle class. It is a stupid policy because it is counterproductive to the national interest. It is an unfair policy

because it enables the affluent to buy their way out and, at the same time, it gives the oil companies billions of dollars in unearned profits.

The only relief in sight for the consuming public is congressional action on the conference report on the Energy Emergency Act.

The price rollback provisions of the report will bring uncontrolled oil—new oil, released oil, State royalty oil, and stripper well oil—under a reasonable system of price ceilings. At present, these four categories of oil constitute 29 percent of our domestic supply and are selling at an average price of about $10 per barrel—2½ times the level of less than a year ago. By the end of the year if Congress fails to act, at least 44 percent of all domestic oil will be selling at world cartel prices.

Mr. President, the way to deal with the unreasonable windfall profits the major oil companies are receiving is for the Congress to roll back unreasonable prices.

Today the Senate has that opportunity.

The debate over the price rollback provisions of the bill should not be allowed to obscure the fact that other provisions are of critical importance in dealing with the shortage, spiraling prices, growing inflation, and the confusion and near panic facing the country.

These provisions include:

UNEMPLOYMENT ASSISTANCE BENEFITS

The bill provides authority for $500 million in grants-in-aid to the States to provide minimum of 6 months' additional unemployment compensation benefits to individuals left jobless as a result of the energy shortage. This assistance will enable the 249,000 working men and women who are unemployed as a direct result of the shortage to meet essential food and housing needs. It will also provide assistance for many of the additional 2 million working people that economist Walter Heller predicts will be added to the unemployment rolls this year.

NEW LEGAL PROTECTION FOR SERVICE STATION DEALERS

The bill provides valuable new legal rights and judicial remedies designed to prevent arbitrary and unreasonable actions by large oil companies against service station dealers. This provision assures fair dealing, due process and, where necessary, guarantees that dealers will have a day in court to protect their interests. This provision will slow and halt the arbitrary lease and franchise cancellations which have shut down thousands of stations across the country.

MANDATORY DISCLOSURE OF OIL INDUSTRY DATA

The bill requires, for the first time, the mandatory disclosure by the oil industry of reliable data and information on reserves, production levels, refinery runs, stock levels, imports, prices, and other information essential to understanding and dealing with the energy shortage. Information furnished under the bill is to be made available to the Administrator, the Congress, the States, and the public. This new authority will bring to an end the comedy of errors and the confusion of the present voluntary reporting systems. Present systems find the oil industry and the Federal Government hundreds of thousands, and sometimes millions of barrels, apart on the volume of oil imports and other vital categories of information.

STRINGENT ANTITRUST SAFEGUARDS

The bill contains mandatory standards and procedures designed to insure that agreements among and common courses of action by the oil companies to deal with the shortages do not result in permanent violations of the letter and spirit of the antitrust laws. In recent years, the oil industry has experienced a whole series of major adjustments and market realinements which pose serious threats to competition. Under shortage conditions these threats can become reality as the big companies grow stronger and more profitable and the small companies grow weaker, more dependent and more vulnerable. This provision of the Energy Emergency Act will insure that this does not happen.

AUTHORITY FOR REGULAR GAS STATION OPERATING HOURS, ENERGY CONSERVATION, PLANS, AND GASOLINE RATIONING

The bill provides the basic legal authority for a wide range of actions designed to conserve scarce energy resources in a manner that is fair to all classes of consumers and all regions of the country. These actions must be proposed in specific terms and are subject to Congressional review and veto. One of the most important actions contemplated is a program to provide the American people with certainty and regularity as to service station hours.

The bill also provides authority for the establishment of a national, stand-by gasoline rationing program. Implementation of rationing may prove inevitable in the months ahead if shortages persist and if other State and Federal programs do not serve to bring some sense of order to the chaotic situation which exists in many regions of the country.

ADDITIONAL AUTHORITY

Other major provisions of the bill which are vital to effectively dealing with shortages include statutory authority for:

Allocation of fuels and essential materials to those engaged in developing new energy supplies;

Convention of stationary powerplants from oil and natural gas to coal in a manner consistent with the goals of the Clean Air Act;

Accelerated domestic oil production;

Insuring that all emergency actions are taken in an equitable manner which prevents arbitrary and unreasonable action;

Restricting exports of needed fuels;

Increasing the use of carpools;

Grants-in-aid to assist State and local governments;

Low-interest loans to home owners and small businesses to assist in improvement projects which are designed to conserve energy.

Mr. President, the Nation is looking to Congress for leadership and action. We are in a national emergency, make no mistake about it. The Gallup poll shows Congress at its lowest level in history so far as its standing with the American people is concerned. We are now confronted with a grave emergency.

If this Congress sends this conference report back to conference so that it is there for a third time, I know what the American people are going to say. They are going to say that Congress cannot deal with a national emergency, and they will be right in saying so. Every provision in this bill relates to things happening to people each and every day. To say, "Leave things alone and everything will be fine," provides no answer; that is what is going on now. Prices are going up and the supplies available to meet the needs are going down. We are having fist fights in gas stations and we will soon have riots in the streets unless we pass this emergency legislation.

Mr. President, I ask unanimous consent that a telegram from Mr. Leonard Woodcock, the president of the United Auto Workers, be printed in the RECORD.

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

FEBRUARY 18, 1974.

Hon. HENRY M. JACKSON,
Chairman, Senate Interior Committee,
Washington, D.C.:

UAW strongly supports unemployment compensation provisions of the emergency energy conference report and urges Congress to enact S. 2589. With unemployment rising at frightening rates, especially in the automobile industry, the type of assistance for workingmen and women proposed in S. 2589 is desperately needed. We urge most strongly an affirmative vote on the conference report when it comes to a vote on Tuesday of this week.

LEONARD WOODCOCK,
UAW International Union.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. FANNIN. Mr. President, I am pleased to yield to the Senator from Illinois for 10 minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 10 minutes.

Mr. PERCY. Mr. President, I have a high regard for my distinguished colleague, the Senator from Washington. We work together on many issues but we simply have an honest difference of opinion in this particular case.

I would like to first comment on a question I had, sitting as a back seater some 7 years ago when I saw one of our distinguished colleagues, who has now left the Senate, hurry into the Chamber toward the end of a vote. He said to the clerk standing alongside the door, "What are we voting on?"

The clerk said, "Clean water."

"My heavens," the Senator said, "how can I be against that?" And he voted "aye."

I do not know how many Senators have read in detail the provisions of this bill and studied all of the legislation in this particular field. As Senators we are greatly dependent upon the work of our committees. But I presume that if someone came in who had not studied it and saw the title of this bill, the Energy Emergency Act, he would wonder how he could possibly be against that in light of the emergency with which we are faced today.

But in my judgment it would be a great mistake, simply because we have an emergency today, to rush in and adopt legislation that is as controversial in its impact as the provisions of this bill would be. I would like to summarize very briefly some of the principal reasons I intend to vote for recommittal of the conference report and, then, if the legislation is voted on up or down, I intend to vote against the bill. Time permitting, I wish to go into greater detail.

The first reason I intend to vote against the legislation is because I essentially do not come from an oil-producing State. Some oil is produced in Illinois but essentially Illinois is a State of consumers, with 11½ million of them. My job is more to represent the consumer than the producer. In my judgment the consumer is not going to benefit from this legislation. The consumer, at the very best, will have a short-term rollback in the price of gasoline of a maximum of 2 cents per gallon. If in the end, the bill does reduce available supply, as I believe it will, pressure on prices will be upward rather than downward, and I defy Congress to legislate against the laws of supply and demand. That is another reason I feel this price rollback provision is not good legislation.

I feel that it is not wise for Congress to move into the free economy and to put into law the price of a particular product which is sensitive to the laws of supply and demand and sensitive to all prevailing pressures. The President already has adequate authority to roll back prices of all except stripper oil. If after a thorough study and knowing the consequences the President decides to use that authority he can do so without fixing the prices in statute.

So I feel the price effect will be negative on the consumer in the long run. Certainly it will have an adverse impact on developing alternate sources of fuel, such as shale. That is a highly costly and risky project right now. Anything that is done to place in jeopardy the return on that investment will not help to attract the kind of capital we want.

The second reason I am against the conference report is, as the distingiushed Senator from Washington knows, that the Senate has already passed a bill reported by the Committee on Government Operations, which would give statutory authority to the Federal Energy Administrator.

The bill that we are now voting on has a very sparse FEEA section, compared with the well researched bill, S. 2776, which has passed the Senate and is awaiting action by the House.

The third reason why I shall vote against the conference report is that I do not believe it is possible to set up special unemployment benefits for those who are unemployed simply because of the energy crisis, for the reason that it is often difficult to know what the reasons for the unemployment would be. I would rather have legislation involving the unemployed which would go through the Labor and Public Welfare Committee and have everybody treated on the same basis. If one is unemployed, for whatever reason, he is unemployed. If we are going to have one set of benefits for those who are unemployed as a result of the energy crisis, and another set of benefits for those who are unemployed for another reason, we are going to have a hodgepodge that would be grossly unfair for people who are unemployed for other reasons.

The fourth reason why I shall vote against the conference report is that I believe it violates the clean air requirements in the provisions on auto emission standards and on the conversion of powerplant to coal.

I am certainly not ready to say the nature of the energy emergency is such that we should proceed in a wholesale sweeping aside of legislation that it has taken years to enact into law.

The fifth reason——

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. PERCY. I shall be very happy to yield, on the Senator's time. Our time is very limited on this side.

Mr. MUSKIE. I think I can take about 30 seconds to make a statement, which I will expand upon later.

Mr. JACKSON. Mr. President, I yield the Senator from Maine such time as he may require.

Mr. MUSKIE. I will expand on this later, but as I understood the Senator's statement, he describes the environmental provisions in this conference report as sweeping aside the safeguards that we have developed over 10 years. I will challenge that characterization. I shall get into it later when I have my own time. I do not think that is a fair characterization of what is in the bill.

I have seen such sweeping descriptions of the bill in the press, and I intend to answer them later. I simply rise at this time to establish a convenient point of reference for what I shall say.

Mr. PERCY. I would like to have any clarification by the Senator from Maine. It is my understanding that there is a delay in the automobile emission standards in the bill before us today, and provision for conversion to the use of coal, and that certain clean air requirements could be suspended for an additional 5-year period; but I would be happy to hear the Senator document or clarify that.

Mr. MUSKIE. The characterization I objected to is not the one the Senator has stated, but the language "sweeping away environmental safeguards." I will say to the Senator I shall never be a party to any such result. I have clearly been a party to these provisions of the legislation. I intend to describe them as objectively as I can. I simply object to that description, and I will speak on it later.

Mr. PERCY. The Senator from Illinois has said there is a sweeping aside, in his judgment, of the time frame in which those regulations were established.

Mr. MUSKIE. I say there is no sweeping aside.

Mr. PERCY. And I said I am not prepared to say at this stage that the emergency is such that we should sweep them aside when the Senator has been fighting for years for the kinds of standards we should have. If there is to be a setting aside of those standards, the appropriate committee, the Public Works Committee, should report back, after appropriate study and hearings, that the standards should be set aside.

Mr. MUSKIE. Mr. President, I would like to yield myself 1 more minute. I doubt that there is anything in the record to suggest that the Senator from Maine is inclined to be reckless about tampering with the environmental laws which the Senator from Maine has been so closely associated with for the past 10 years, and I doubt if there is anything in the record of deliberations on those provisions in the conference report to justify that kind of characterization.

Whether or not a particular change can fully be described as sweeping away environmental safeguards is something that Senators can judge for themselves when they read the RECORD. I object, and object strongly, to any such characterization, and I shall not undertake to trespass further on the Senator's time on this point. I will later, on my own time, make that point. I think I am perfectly able to do that, but I object to that kind of sweeping characterization.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MUSKIE. Mr. President, I yield myself 1 minute. I will say to the Senator that such a characterization is a disservice to the environmental objectives and safeguards to which he and I subscribe. It is the kind of exaggerated language which I find sometimes in the press and from others who have not read carefully what we have done in this conference report, and a disservice to the energy crisis legislation. However, I will cover it later.

Mr. PERCY. It is the privilege of the Senator from Maine to clarify what he believes this bill accomplishes, of course, but it was the recollection of the Senator from Illinois that the Senator from Maine stated that it was necessary to make compromises in connection with the efforts made in the interest of speedy enactment of the energy legislation. I understood that the bill has been delayed, the Senator expressed doubts as to whether those compromises should have been made. But I will remain on the floor to hear the Senator clarify his position, because the Senator from Illinois does not wish to misstate the position of the Senator from Maine.

Mr. MUSKIE. Mr. President, I reluc-

tantly take another minute. So long as the Senator continues to refer to what he understands my position to be, I am under pressure to respond at the moment.

The reservations during, I think, the week before the Lincoln Day recess, had to do with the credibility of the administration's commitments to the need for urgent legislation to deal with the energy crisis. My own understanding of what we have done with respect to the environmental problems is no different than it was when the conference report was reported to the Senate. I made the point I made the week before last because it seemed to the administration was fudging on the need for urgent action. What we have endeavored to do with respect to the environmental problems has been carefully structured on long established safeguards and environmental laws.

I repeat again, I object, and object vigorously, to the characterization of those efforts as a sweeping away of the environmental safeguards, with which I think I have had as much to do in erecting as anyone in the Senate.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Illinois has 7 minutes left.

Mr. PERCY. In light of the comments of the Senator from Maine, it does appear that my initial statement was too broad and sweeping, and I withdraw it.

To clarify the record, I should like to read from the CONGRESSIONAL RECORD exactly what the Senator from Maine said in his statement of February 7. He said, as appears at page 2695 of the CONGRESSIONAL RECORD for February 7, 1974:

> Now, there are changes in environmental policy in this bill that merit long and deliberate consideration; matters that were not even considered on the floor of the Senate but were included in the House version of the bill. I was willing to consider these matters, because Mr. Simon told us he needed this authority and asked, would I not please resolve my doubts—in the interest of urgency.

I would hope that whatever the Senator from Illinois has said would be consistent with his interpretation of this particular statement by the Senator from Maine.

The fifth reason why I have been concerned about this legislation is that it places the ball for rationing right in the President's court and puts us in the position of a $1 billion decision on whether we ration or not. In doing this, the Congress really abdicates its responsibility on the crux of a question that is vital to most Americans today who are motorists. We simply walk away from that responsibility and delegate it to the President.

Finally, Mr. President, I feel that whenever we get into the questions of taxes we should leave that matter to the Committee on Finance and the House Committee on Ways and Means who are now holding hearings.

I do not feel that we have resolved this matter satisfactorily. I would prefer to leave it to the Finance Committee.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PERCY. Mr. President, would the Senator in charge of the bill on the minority side be willing to yield me an additional 5 minutes?

Mr. FANNIN. Mr. President, I yield to the Senator.

Mr. PERCY. Mr. President, the latest Harris survey confirms the lack of confidence American people have in the energy crisis. Only 10 percent of those responding to the survey approve of Congress' handling of the energy shortages, while fully 82 percent disapprove of our actions in the face of this crisis.

Another nationally recognized survey, by the National Opinion Research Center at the University of Chicago, hardly offers more solace. Over 38 percent of the people interviewed during the week of February 7 placed primary responsibility for the current energy shortage on the Federal Government and 48 percent of the respondents rated the Federal response to this crisis as poor.

The low esteem demonstrated by these surveys is richly deserved by the Congress, when one considers the way we have handled S. 2589, the Energy Emergency Act. Three full months have now passed since this urgently needed legislation was rushed through the Senate, to give the President those sweeping powers we were told he needed to cope with the impending energy emergency.

I realize that many here in the Congress, in the executive branch, and in the State governments all across the Nation have worked diligently to come to grips with our serious shortage of petroleum products. But it is becoming increasingly apparent that the American people perceive the Congress and the executive branch as being totally inadequate to deal effectively with the problem. Now, why is this so?

During the past 3 months, S. 2589 has twice been rushed through midnight conferences with the House, only to see the Congress go into recess, in order to contemplate the bill I suppose, before voting on it.

Now, with most of winter behind us, we are once again asked to vote on the emergency bill, while public skepticism grows daily as to the real nature of the energy emergency. Whether or not there is a true emergency, we must not act in haste. Let us not make the same mistake that we made on year-round daylight savings time. If we had gotten more facts before acting on that proposal, we would have discovered that March 1 would probably have been a better date to begin daylight savings time than January 6.

Meanwhile, the administration, which originally asked for the emergency authorities in S. 2589 on an urgent basis, now appears to be itself divided as to the extent and duration of the present fuel crisis. OMB Director Ash calls the situation "manageable, one time, and short term" while energy chief Simon warns of shortages for years to come.

The administration's previous ambivalence about the need for this bill, now clarified by its outright opposition and threatened veto, is matched by that of the bill's prime sponsors in this body. If the emergency authorities were so important in November that the bill needed to be passed after only 2 days of Senate hearings, 2 days of markup, and 3 days of debate, then why was the conference bill allowed to be saddled with so many extraneous House amendments? And faced with such tremendous opposition to the unworkable windfall profits provision in the first conference report, why was it necessary to include an equally controversial price rollback provision in the second conference report, the effect of which will certainly be to reduce available supplies needed to meet current and future demand and bring prices down?

All of these extraneous provisions, drafted hastily in conference without the benefit of full hearings, only have the effect of delaying the bill further, and thus further diminishing public confidence in the ability of Congress to act. Congress has rarely looked so foolish in the eyes of the public than it has on this bill. Congress has appeared unable or unwilling to complete the relatively simple task of providing basic energy conservation authorities to the executive branch without burdening the legislation with irrelevant and ill-conceived provisions that many consider the jurisdiction of the committee primarily responsible for this bill. These irrelevant provisions should be dropped from the bill. We should quickly enact only those emergency authorities that are truly needed, and safeguard them with adequate congressional oversight.

Let us look again at these superfluous provisions which I pointed out in my statement on the Senate floor on January 29, when I voted to recommit this bill the first time.

First is section 103, which establishes in only the most skeletal form a statutory Federal Energy Emergency Administration. The agency is given no clearly defined functions or staff. No new authorities are transferred to it. This section of the bill seems far more intent on insuring that the agency's budget and legislative proposals bypass the Office of Management and Budget, than in providing it with any kind of meaningful authority to manage an energy emergency.

As the sponsors of S. 2589 know very well, the Senate has already passed a much more carefully designed bill to give statutory status to the Federal Energy Emergency Administration. That bill, which passed the Senate before Christmas by an overwhelming majority, is S. 2776. It was reported by the Government Operations Committee, the committee of jurisdiction over executive reorganization. The House companion bill was poised for passage by the House, only to be delayed because of the reemergence of S. 2589 from conference. The House is ready to pass a good FEEA bill this very week, so there is no need whatever for section 103 in S. 2589.

I urge that we strike section 103 from this conference report, and let the FEEA

bill pass the House and be enacted into law.

Another extraneous provision is section 116, which grants unemployment assistance to those unemployed due to energy shortages, without regard for their eligibility under the well-established State unemployment compensation programs. This section is inequitable because it discriminates against those who cannot prove they lost their jobs as as a result of the energy crisis. It is unwise, because it disregards the carefully established criteria for unemployment insurance eligibility under present programs. And it is illogical, because it does nothing to help the unemployed get what they need most—a new job.

Some of my colleagues and I have proposed as an alternative an immediate increase in the appropriation for the public employment program. This program would provide jobs, not handouts, for the unemployed.

Section 116 should be deleted from this conference report, and the problem of unemployment assistance should be placed in the hands of the Labor and Public Welfare Committee, which has jurisdiction over unemployment compensation programs.

A third extraneous provision is section 201, which permits suspension of certain clean air requirements for up to 5 years in powerplants that convert to coal. As I said in my January 29 statement, I believe the coal conversion and auto emission provisions of the conference report go too far in turning back the environmental clock for the sake of an energy emergency whose true extent is yet to be determined.

Senator MUSKIE, chairman of the Subcommittee on Air and Water Pollution, has stated that he was asked to make compromises with the environmental provisions of S. 2589, in the interests of speedy enactment of the emergency authorities. Now that the bill has been delayed, he has expressed doubts as to whether those compromises should have been made. I believe the inclusion in the conference report of the House provisions affecting air quality standards has upset the delicate balance between the need for energy and the need to preserve and protect the environment. The balance has been tipped too heavily against the environment in this bill.

We know now that the initial predictions as to the extent of this winter's shortage of crude oil were exaggerated due in part to a relatively mild winter. Now that we have a better understanding of the nature and extent of the shortage, it would be good to review the compromises that this bill makes with the environment. Let us eliminate from the bill any long term suspensions of clean air standards, and let the committee with proper jurisdiction, the Public Works Committee, make a more careful evaluation of the need for any such derogation of environmental quality.

A fourth extraneous provision is of course section 110, which establishes ceiling prices on domestic crude oil, residual oil and refined petroleum products. This section was drafted in conference as a substitute for an almost totally unrelated House provision on pricing to prevent so-called windfall profits.

The old section 110 would have been unworkable in practice and would have had no effect on the profits of oil companies this year. It was politically attractive for some because it was incorrectly described in the media as a "windfall profits tax" on the major oil companies. In reality, it was not a tax on any profits, "windfall" or otherwise.

The new section 110 is undesirable for both economic and energy policy reasons, because it will reduce the incentive for domestic exploration by independent oil producers. Like the old section 110, it will have almost no effect on the profits of major oil companies this year. However, this new section is considered politically attractive by some who mistakenly believe that it will significantly reduce consumer prices of gasoline and heating oil.

If the political intent of section 110 is somehow to punish the major oil companies, it is both improper and faulty. Under this provision neither the price of foreign oil, which is totally out of control, nor the price of "old" domestic oil, which is already under Federal controls, would be affected in the slightest. The only effect would be to roll back the uncontrolled price of "new" domestic oil, about 90 percent of which is produced by small and independent oil producers, not the major oil companies.

In Illinois for instance, where 90 percent of all oil production is carried on by independents, the effect of a price rollback would be immediate and severe, some say even disastrous. The new higher prices have made high-risk drilling and exploration profitable again and it is expected that increased supply can be brought to market. But a rollback of $3 or $4 a barrel would reduce or totally remove the incentive for this exploration. It would decrease total oil production in Illinois by 15 or 20 percent immediately and perhaps by as much as 50 percent in the long run according to geologists and economists advising the Independent Oil Producers Association of Illinois, Indiana, and Kentucky.

The result of any action we take must be to increase the incentive for exploration and production, not decrease it. For example, we should be looking for ways to encourage development of offshore oil resources, if the environmental safeguards can be met, rather than discouraging the risky exploration ventures that have just recently begun.

If the political purpose of section 110 is to reduce dramatically the price to the consumer of gasoline and heating oil, it fails on that count too. Secretary of the Treasury George Shultz indicated in testimony before the House Ways and Means Committee that a rollback of about $3 or $4 per barrel of new oil would reduce the retail gasoline price by less than 2 cents a gallon.

Finally, some have said that one of the purposes of this section is to politically embarrass the administration. If this is so, it is likely to backfire on the sponsors of the bill. The administration already has authority under the Economic Stabilization Act to roll back prices of all except stripper oil, and the Federal Energy Office is already giving careful and detailed consideration to rollbacks in the price of new oil and propane, but I trust will only so after it determines the full effect of this action.

I believe that it would be dangerous for the Congress to legislate, and thus build into law, specific prices on specific products that are subject to the volatility of the marketplace. When we, by such action, attempt to repeal the law of supply and demand we are taking unto ourselves a responsibility that requires more wisdom, flexibility, and swiftness of movement than we have heretofore demonstrated.

If we, in the Congress, are to effect any meaningful reform of the oil pricing system, we should be looking at the special tax structure that has been built up for the major oil companies, rather than playing games with price ceilings. For example, are the oil companies really paying an income tax to the Arab countries or is it actually a larger royalty or an excise tax? If it is really an excise tax, both the tax and any royalties should logically be treated as expenses and deducted from total revenues, rather than being credited against U.S. tax liability. Other areas which certainly need further examination and correction are the depletion allowances on foreign drilling and the practice of transferring income between countries in order to avoid U.S. taxes. These are only a few examples of areas which need to be looked into more carefully. Both the Senate Finance Committee and the House Ways and Means Committee have been considering these and other ideas in their recent hearings on oil company taxes. The expertise these committees possess should not be bypassed or disregarded.

We should end the political gimmickry which has plagued this energy emergency bill from the start. Let us eliminate section 110 from the conference report and let those committees with jurisdiction over revenue matters report a bill that will deal responsibly with the problem of excessive oil company profits—through the tax mechanism.

There is one other section of this conference report which troubles me greatly. This is section 104, which explicitly reserves to the President the sole power to institute nationwide mandatory coupon gasoline rationing.

In this respect, the bill is totally inconsistent: It flaunts congressional veto power over some relatively minor energy conservation proposals, while handing over to the President carte blanche to make the dynamite political decision of the year—gas rationing—without so much as a "by your leave" from the Congress. This is irresponsible gamesmanship in my judgment.

I am personally opposed to gasoline

rationing. We should avoid it at all costs and exhaust every alternative first. It will cost a billion dollars a year and will be unequitable and unfair—a bureaucratic nightmare. But if all else fails and it does become necessary, we in the Congress should participate in making that decision and fully share in the responsibility.

In November, the Senate voted 40 to 48 against imposing mandatory gasoline rationing by January 15. The issue has not since been brought to a vote. Yet this conference report would let the President decide if and when to impose mandatory rationing. It would tell the President to make that tough decision for us, thus enabling us to avoid the political risks.

The Congress should face up to the rationing question. Section 104 should be stricken from the bill, and any proposal for gasoline rationing should be submitted to the Congress for approval or disapproval under section 105, just like any other energy conservation plan.

Mr. President, I regret to say that the Energy Emergency Act is a sorry product of the congressional process. It was hastily molded before Thanksgiving, hastily remolded before Christmas, hastily re-remolded before Lincoln's birthday—and between holidays it has just moldered.

S. 2589 is the kind of energy legislation that has helped earn Congress the disapproval of 82 percent of the American public. I am against S. 2589 for the reasons which I have stated here today.

I will vote to recommit the bill to conference, where it should be stripped to its essential conservation authority. I predict that a simple, straightforward bill containing only the necessary energy emergency authorities for the President, tempered by adequate congressional oversight, and unencumbered by irrelevant extra baggage, would pass both Houses of Congress expeditiously.

If the bill is not recommitted to conference, I shall vote against adoption of the conference report.

THE CLEAN AIR PROVISIONS

Mr. BAKER. Mr. President, the clean air provisions incorporated in this conference report are substantially similar to those originally reported to the Senate last December. The mechanism then, as now, reflected a careful concern for meeting the energy crisis and for protecting the effectiveness of our environmental programs. The conferees have incorporated a few modifications in the language of the clean air provisions to correct some minor technical problems and to tighten the coal conversion and stationary source plan revision procedures.

The mechanism for coal conversion incorporated in the report remains a two-phased program. The first phase provides a temporary variance until November 1, 1974, to permit conversions from oil or gas to coal in the face of the immediate crisis. The second phase provides for a modification of air quality implementation plans so that conversions to coal may continue for a longer time.

Senator MUSKIE has outlined the modifications made with regard to the stationary source provision in his statement, and I will not prolong the debate by restating the details of these changes. I would like to discuss, however, some basic policies which founded the strategy adopted by the conferees last December, which are clarified in modifications made during conference meetings earlier this week.

There are some lessons to be learned from our present predicament—primary among these as regards the clean air program is that fuel-switching strategies which make us dependent upon foreign oil sources are neither environmentally safe nor politically prudent.

During the past several years, several air quality regions have depended heavily upon foreign low-sulfur oil to avoid serious air quality problems. It is ironic and tragic that these communities which had most rapidly moved to meet air standards in response to urgent health problems are now confronted by the ineffectiveness of their strategy.

The strategy modification which is dictated by title II of S. 2589 will not avert totally the environmental problem which the failure of existing strategies is causing—but I am convinced that by developing a mechanism that directs us toward increased utilization of domestic coal reserves, the provision will lead the Nation toward a clean air strategy which will be more dependable than previous strategies and one which will start us toward our goal of energy self-sufficiency.

Under the clean air provision in the conference report now before the Senate, stationary sources which elect, because of the unavailability of sufficient supplies of complying fuels, to continue burning coal beyond November 1, 1974, may be granted a revision of State implementation plans to permit them to do so.

The revised program of controls would provide that the source should burn low-sulfur coal as a substitute for unavailable low-sulfur oil or gas as soon as such coal is available. In the event that low sulfur coal is not available, the source must choose an alternative strategy to achieve emission reductions consistent with standards applicable at the date of conversion as soon as practicable, but in no event later than 1979. Alternative strategies based upon the use of high-sulfur coals could consist of stack gas scrubbing systems, coal gasification or liquefaction systems, or any of a number of other developing strategies which might come on line by 1979.

No matter which strategy a source chooses to meet the applicable emission limitation, there are two safeguards which apply to prevent the source from substantially contributing to a health hazard until that strategy becomes effective. First, the Administrator of the Environmental Protection Agency may prevent coal conversions or may place conditions upon converting sources in order to protect health. These conditions could include the specification of the maximum sulfur content of coal which might be burned by the converting plant. Secondly, the Administrator may require interim strategies to reduce the impact of emissions. The interim strategies could include maintenance of emergency reserves of complying fuels and utilization of intermittent control strategies.

But the hallmark of the new strategy is that it places emphasis upon the utilization of low-sulfur coal. The United States possesses almost half of the world's known reserves of coal. We possess in excess of 200 billion tons of low-sulfur bituminous coal. But we have not made a commitment to the development of these reserves; and we have not, insofar as we have made that commitment, placed proper emphasis upon development of low-sulfur reserves.

Eventually, an effective technology may be found to remove sulfur emissions after the burning of high-sulfur coals. Presently, however, available technologies are tremendously expensive and are frought with environmental ramifications which could become equally as serious as those they control. In view of this situation, it is amazing and indefensible that low-sulfur coals do not enjoy a competitive advantage over higher sulfur coals. If coal is to play a significant role in meeting our immediate energy needs, this situation must be corrected.

A matter of direct consequence to the strategy outlined in the clean air provision is the Surface Mine Reclamation Act which the Senate passed last fall and which is presently awaiting action in the House of Representatives. I am aware of a sentiment which is being cultivated in some areas that stiff reclamation controls are inconsistent with plans for expanded coal use. Such an attitude can only be characterized as callous and cynical. It is only logical that if we are to have expanded coal production, we must have strong and effective safeguards to prevent the further proliferation of the devastation which has been permitted to occur in Appalachia and other coal-bearing regions.

Our heritage is replete with bromides to the effect that preparedness and prevention are virtues, procrastination and shortsightedness vices. But aphorisms are not a substitute for a determination to follow wise policies.

I hope that the Congress is beginning to develop a little farsightedness in view of the environmental and energy crisis which are becoming a chronic condition in our society. We are making a commitment to increased utilization of coal by the programs incorporated in this conference report. It is clear and incontrovertible that if we do not make provision to produce that coal in an environmentally sound manner, in a short time we will be confronted by yet another environmental crisis. And there is no environmental problem more devastating and frustrating and difficult to repair than the land pollution associated with improperly reclaimed strip mining. Anyone who does not fully appreciate what I mean need only survey the Cumberland Mountains of eastern Tennessee and Kentucky to be made painfully aware of the fact.

On a separate issue, I am pleased that section 118 of the conference report, providing for administrative and judicial procedures for review of actions taken under the Energy Emergency Act, has remained intact. I sponsored an amendment in the initial conference on this bill to increase procedural safeguards in connection with the many precedent setting

decisions which will be made under the authorities of this act. Under this measure, these actions will be subject to full public disclosure with ample opportunity for presentation of views by the public. In my opinion, the provision fully comports with due process requirements and provides adequate safeguards against administrative abuse of the powers granted by the act.

While I still retain reservations with regard to some provisions of this act, the measure contains safeguards and programs which will provide badly needed relief from our energy problems. I support the measure and urge its adoption.

UNEMPLOYMENT COMPENSATION—AN IMPORTANT PART OF THE CONFERENCE REPORT

Mr. RANDOLPH. Mr. President, the conference report on S. 2589 has been before the Senate for 2 months. It has been examined in minute detail during that time both before and after its recommital to the conference committee.

This is a very complex—though carefully developed—measure intended to alleviate the impact the energy shortage our country is now enduring. This legislation was designated from the outset as an emergency bill which should be expedited. I deeply regret that it was not enacted nearly 2 weeks ago. Much has already been lost by delay and much more will be lost if we equivocate today.

My feelings on the urgency of action are well-known. I likewise discussed many other aspects of the bill during Senate debate. I have explored such topics as air pollution, coal conversion, transportation controls, gasoline rationing and other energy-saving features of the bill. Therefore, I will not review these subjects again as we approach the decisive votes on this conference report.

I will take this opportunity, however, to call attention to one feature of the legislation which can do much to alleviate personal hardship that is already being inflicted on our citizens by the energy crisis.

Almost daily there are newspaper stories of layoffs of workers from our industries. Thousands have already lost their jobs in the automobile industry and more are likely to be unemployed as stocks of unsold cars continue to mount. Throughout our economy unemployment may ultimately mount into the millions.

Section 116 of the conference report provides Federal assistance to ease the human side of the energy crisis. It authorizes Federal grants to the States to provide compensation payments to individuals who have become unemployed as a result of the energy crisis. These unemployment funds will be available to persons who might not otherwise be eligible for such payments or who may have exhausted their eligibility. The section also directs the President to report to the Congress within 60 days on the existing and prospective impact of energy shortages on employment. He must also assess the adequacy of existing compensation programs to meet the needs of the unemployed and include such legislative recommendations as he feels are necessary.

Mr. President, I sponsored the provisions of section 116 and urged their inclusion in this conference report. These provisions are similar to those that I have sponsored in other legislation which has been adopted by the Senate, including the surface mine control bill.

In addressing the problems of the energy crisis we must not become so engrossed in the physical shortages of fuel supplies that we lose sight of the individual needs of our people. This section of the conference report will enable many Americans to survive through personal trials imposed on them during this difficult time.

Mr. JACKSON. I will yield to the able and distinguished Senator from Maine (Mr. MUSKIE), who did such a yeoman's job in handling provisions of the bill, such time as he may require, starting with 15 minutes.

Mr. MUSKIE. Mr. President, I thank the distinguished manager of the bill.

Mr. JACKSON. Mr. President, first I would like to say that the bill in conference involved three committees—the Commerce Committee, in which the distinguished Presiding Officer, the Senator from Alaska (Mr. STEVENS), was an active participant, the Public Works Committee, in which Senators RANDOLPH BAKER, and MUSKIE played such an important role, as well as the members of the Committee on Interior and Insular Affairs, on both sides of the aisle.

I think the Senators should know that there is a multiplicity of coordination of respective committees involved here.

The Senator from Maine (Mr. MUSKIE) had the toughest assignment in the meetings of his subcommittee. We had two of those meetings. I have nothing but praise for the courageous, sensible way in which the Senator dealt with the economic problems on the one hand, the real problem affecting the life of every man and woman in America, and the environmental question on the other hand.

I am proud to have worked with him in the economic decisions that are being made here day after day.

Mr. PERCY. Mr. President, I ask unanimous consent that John Pearson of the Government Operations Committee, be permitted the privilege of the floor during the debate and rollcall votes on the pending measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I express my appreciation to the distinguished manager of the bill who has given such leadership in the consideration of the pending measure.

It is not an easy challenge to meet legislatively. It runs across several committee lines of jurisdiction as well as a wide range of interests in our society which are understandably controversial and difficult.

I will confine my comments this afternoon to the environmental issues which have been raised by the bill. I think that I might be most helpful to my colleagues if I were to refer first to an article which appeared in the Washington Post of February 16, 1974, under the byline of Morton Mintz, on page A1 of that issue. It appears under the headline "Shift to Coal Seen Shortening Lives."

I will read the first three paragraphs of that article and will comment on each of them in order to put them strongly into perspective with this bill.

The first paragraph reads as follows:

> Thousands of persons with heart and respiratory diseases will die prematurely if plans go through for a massive conversion of power plants to coal, American Public Health Association scientists warn.

Mr. President, let me say flatly and I think beyond any successful possibility of contradiction that if that kind of risk were involved in any proposal to convert to coal under the provisions of this bill, it would not be permissible.

The second paragraph of the article reads as follows:

> Tens of thousands more persons with such diseases will suffer acute attacks, according to the scientists, who have made an unpublished study for the association.

Again, I repeat that if there were any risk that tens of thousands more persons with such diseases might suffer acute attacks, that would be prohibited by the provisions of the pending legislation.

The third paragraph reads as follows:

> The Nixon administration has asked Congress to give Federal Energy Office Director William E. Simon authority to order all power plants that can convert to coal to do so.

The implication of that paragraph is that the administration is requested and that this bill provides the kind of massive conversion of powerplants to coal which is described in the article. No such request has been made and this legislation does not permit any such massive conversion.

So, the story which was published at a time that may have given some persons fear that it related to this bill does not relate to the bill at all.

That was my own evaluation of the story. In order to reassure myself on this matter, I wrote on February 18, 1974, to Mr. S. David Freeman, director of the Energy Policy Project, which is the sponsor of this unpublished study as described in the Post article.

My letter among other things states:

> Recent news accounts of this study suggest that the report is directed to the matter of conversion of electric power plants from petroleum-based fuels to coal. Because the Senate will consider legislation tomorrow which would direct or permit certain limited conversions of this type, I would appreciate a copy of the referred-to study.
>
> I am particularly interested in the basic assumptions of the study; how it relates to the pending legislation; and the extent to which its findings could or should be applied to the legislation before the Senate.

Mr. President, I sent that letter to Mr. Freeman and on February 18, 1974, I received his reply which says in part:

> Members of my staff have had access to some working papers associated with the study but a completed draft has not been submitted to us. When it is the study will be reviewed by outside experts and will then be published. I therefore cannot supply you with a copy of the study because as far as I know it has not yet been completed even in a preliminary draft.

So the so-called unpublished study referred to in the Post article of February

16 does not exist in any authorized, finished, completed or evaluated form.

Does it relate to the pending legislation? Well, let me read from the last paragraph of Mr. Freeman's letter which reads:

It was certainly not designed to answer the questions inherent in the emergency legislation before the Congress which I gather turns on judgments as to how long the emergency may last.

Mr. President, I ask unanimous consent that both of these letters be printed in the RECORD at this point in my remarks.

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

COMMITTEE ON PUBLIC WORKS,
Washington, D.C., February 18, 1974.

Mr. S. DAVID FREEMAN,
Director, Energy Policy Project,
Washington, D.C.

DEAR MR. FREEMAN: I understand that the Ford Foundation has funded, through your Energy Policy Project, a study by the American Public Health Association regarding health effects of energy by-products.

Recent news accounts of this study suggest that the report is directed to the matter of conversion of electric power plants from petroleum-based fuels to coal. Because the Senate will consider legislation tomorrow which would direct or permit certain limited conversions of this type, I would appreciate a copy of the referred-to study.

I am particularly interested in the basic assumptions of the study; how it relates to the pending legislation; and the extent to which its findings could or should be applied to the legislation before the Senate.

Thank you for your cooperation.

Sincerely,

EDMUND S. MUSKIE,
U.S. Senator, Chairman, Subcommittee on Environmental Pollution.

THE ENERGY POLICY PROJECT,
Washington, D.C., February 18, 1974.

Senator EDMUND S. MUSKIE,
Chairman, Subcommittee on Environmental Pollution, Senate Public Works Committee, New Senate Office Building, Washington, D.C.

DEAR SENATE MUSKIE: This is in response to your letter received this morning for a copy of a study of "Health Effects of the Various Forms of Energy" undertaken as part of the research for this Project by a Task Force of health experts assembled by the American Public Health Association. I am responding to your letter since the APHA officials are not available because of the holiday.

Members of my staff have had access to some working papers associated with the study but a completed draft has not been submitted to us. When it is the study will be reviewed by outside experts and will then be published. I therefore cannot supply you with a copy of the study because as far as I know it has not yet been completed even in a preliminary draft.

The grant to the APHA was made in December of 1972 to undertake a comparative evaluation of the health effects of alternative sources of energy on the basis of available information. Our purpose was to provide such an evaluation as part of our Project's analysis of national energy policy options in order to give relevant weight to the important objective to protecting human health. The study was designed as part of the Energy Policy Project's objective of providing public information in the energy field. It, of course, had no relationship to any legislation and in fact was designed and well underway before the present emergency situation began in October of 1973.

It was certainly not designed to answer the questions inherent in the emergency legislation before the Congress which I gather turns on judgments as to how long the emergency may last.

Sincerely,

S. DAVID FREEMAN, *Director.*

Mr. MUSKIE. Mr. President, I would like to address myself now to what the Energy Emergency Act does with respect to the environmental issues which it raises.

As result of discussions with the House conferees, it became apparent that it would be useful to clarify two provisions of the legislation relative to coal conversion and clean air. This attempt at clarification is, in part, a response to Senator NELSON's questions as to the length of time available to a converted powerplant to achieve compliance with applicable emission limitations.

I pointed out during debate that the maximum extension of time—the maximum—under the conference bill would be 18 months beyond current Clean Air Act deadlines—January 1, 1979 rather than July 1, 1977. The new conference report clarifies this question in two respects: First, it recognizes that coal converters which choose to comply with the Clean Air Act emission limits by use of low sulfur coal are required to achieve compliance with applicable limitations as soon as an adequate supply of coal of the proper sulfur content can be delivered. And may I say that the amount of low-sulfur coal in this country appears to be virtually unlimited. In other words, a utility choosing to use low-sulfur coal in a converted plant subject to the provisions of this section could not determine to wait until January 1, 1979, before that plant actually begins to burn low-sulfur coal. The Administrator would be required to cause that plant to begin to utilize complying coal as soon as a supply could be made available.

Priority consideration to use of low sulfur coal will reduce the likelihood of extended violation of applicable emission standards.

As to sources for which continuous emission reduction systems or scrubbers, as they are called, are required, the revised language requires that the facility achieve required levels "not later than January 1, 1979" but "by a date established by the Administrator." In addition use of the provision requires a showing that conforming coal is not available.

This change makes it clear that the Administrator has broad administrative flexibility to review a plan for compliance for each source subject to the provisions of this section. After a showing of unavailability of conforming coal—that is coal that would meet environmental standards—the Administrator must determine the availability of stack gas control technology to that source and establish a date by which that source must achieve compliance with the applicable emission limitations. The date for compliance could be any time between enactment and January 1, 1979, depending only on the time required to install necessary continuous emission reduction systems, but in no event could compliance be later than January 1, 1979.

This authority, combined with the authority to set priorities for the distribution of available continuous emission reduction systems and the Administrator's authority to fund advanced developments of stack gas control technology, combined with the Administrator's general responsibility to review the health impact of air pollutants and minimize disruption to the public health and welfare, should allay many of the fears of environmentalists in and out of the Senate concerned by the provison as initially drafted.

Finally, this provision has been clarified technically to assure that the emission limitation to be achieved is, in fact, that emission limitation which the particular source in question would have been required to achieve had the implementation plan in effect or coming into effect not been delayed by this provision.

So the delay that is contemplated is a maximum of 18 months, and it could be substantially less.

The second clarification of the conference report relates to those facilities which take advantage of the extension of deadline as result of a voluntary conversion in an attempt to comply with the national effort to conserve petroleum fuels.

There were three questions related to voluntary conversion which the conferees wanted to clarify:

First, what constituted the beginning of voluntary conversion;

Second, whether voluntary conversions would be evaluated on a plant-by-plant basis; and

Third, whether a voluntary conversion would be automatically eligible for extension of deadline on whether such conversion was subject to the same case-by-case environmental balancing judgment as a mandated conversion.

On the first point, the conferees have attempted to establish that eligibility for extension of deadline as result of voluntary conversion must be the result of a considerably greater effort than a single solicitation of bids for coal. Not only must the effort have been directed toward conversion of individual plants, but other steps such as applying for an air pollution variance, obtaining a contract for coal, or making a substantial investment for conversion of the particular source must have been made for such source.

The Administrator would not be able to approve an extension of deadline for utility generally, but only for specific plants owned by that utility would qualify—the second point.

On the third point, the Federal Energy Administrator would be expected, in consultation and cooperation with the Environmental Protection Agency Administrator, to make a careful, case-by-case, balancing analysis of the eligibility of individual powerplants for an extension as a result of voluntary conversion. And the Federal Energy Administrator could not, according to my interpretation of section 106, require conversion unless the purposes of the act so necessitated. This would mean that conversion under section 106 can only be required as a result of fuel shortages.

The Administrator of the Environmental Protection Agency is ex-

pected to prohibit conversion under this section where there is a potential for endangerment to health. In these ways public health protection would be maximized while permitting use of coal, where appropriate, in lieu of petroleum fuels.

Additionally, the Environmental Protection Agency Administrator retains the authority for sources which convert either on a voluntary or mandatory basis to require the use of coal of certain grades, types and pollution characteristics. The Environmental Protection Agency Administrator should use this mechanism to limit high sulfur coal in highly polluted areas. Where necessary to assure distribution of such low sulfur coal, the Environmental Protection Agency Administrator must use his authority to require the issuance of exchange orders.

Mr. President, both the House and the Senate conferees were anxious to clarify these questions to remove any doubt as to the purpose of this provision—to assure that the public health would be minimally disrupted by the requirements of this act and to assure our colleagues of a continued commitment to environmental enhancement.

Mr. President, I shall be glad to cover further the points I have raised, if appropriate questions are raised.

I should like to concentrate now on the issues raised by the Post story, and by the concerns that that story may have generated in some of my colleagues.

Ever since we wrote the Clean Air Act of 1970, our preoccupation with the problem has been that our standard of performance must be that standard dictated by public health requirements. That is the foundation of the Clean Air Act of 1970. Notwithstanding the questions that have been raised about the pending legislation, in my judgment that standard is still held high by this legislation.

Let me make four or five points with respect to the pending legislation, to clarify that question.

First of all, no conversion is permitted by this bill, by its express terms, which presents "imminent and substantial endangerment" to health.

Second, no conversion is permitted by the pending bill which "materially contributes to a significant health risk" deals with risks to health which are less severe than these specified by the Agency's "endangerment" regulation. What is intended is that "some violation of the national primary ambient air quality standards can be permitted so long as any of the public would not be exposed to significant health risks."

I submit, Mr. President, that that standard does not permit the kind of risk which is described in the first paragraph of the Washington Post story of last week.

The third point I make is that the owner of a conversion facility must first show that low sulfur coal which conforms to preconversion limits is not available before nonconforming coal can be burned.

The fourth point: The Administrator of the Environmental Protection Agency can require use of coal of particular pollution characteristics to reduce environmental risk.

Incidentally, I understand that 1 percent sulfur coal is in virtually unlimited supply in this country.

The fifth point I would make is that the Administrator of EPA can require redistribution of available low-sulfur coal to minimize environmental risk.

Finally, Mr. President, the Clean Air Act of 1970 as it is now written does not prohibit the use of coal. The Clean Air Act of 1970 as it is now written does not prohibit the use of scrubbers to clean up the emissions from the use of coal.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MUSKIE. Could I have 1 more minute? The Clean Air Act of 1970 establishes emission limits which are honored and protected by the pending legislation. The only slippage involved is a possible maximum of 18 months delay because of the time requirement to install the necessary hardware. I do not consider this a sweeping away of the safeguards of the Clean Air Act of 1970.

Mr. JACKSON. Mr. President, I again want to commend the distinguished Senator from Maine (Mr. MUSKIE) for his leadership in handling this most difficult part of the Emergency Energy Act. The cooperation of the distinguished Senator from Tennessee (Mr. BAKER) and the Senator from Maine, with the chairman of the full committee to whom I am about to yield, Senator RANDOLPH, has been one of the highlights of our working together.

The author of the energy study we are involved in, approved back in July of 1971, is the able and distinguished Senator from West Virginia (Mr. RANDOLPH). I now yield to him and extend to him my deep appreciation for his outstanding leadership in the conference. It was a difficult one, especially after going through two rounds.

I yield to the Senator such time as he may require.

Mr. RANDOLPH. Mr. President, I rise to question the able chairman of the Senate Interior Committee as to section 110 of the conference report as it relates to prices for oil from stripper wells. Under this provision, the President is authorized to establish ceiling prices for crude oil and refined petroleum products in order to prevent inequitable prices for these commodities. While in principle I support this temporary authority for the prevention of windfall profits through the establishment of ceiling prices, I am concerned for the possibility that a single uniform price may be established nationally for all domestic sources of crude oil.

I recognize that the conference report does provide the necessary flexibility to insure that this does not happen through the establishment of ceiling prices on the basis of individual production areas or fields.

Using this authority the President can establish maximum permissible prices for domestic crude oil which are actually variable in character. Within this framework, it is my understanding that the flexibility also exists to differentiate between oil from stripper wells and secondary and tertiary recovery and oil from other sources.

I read from the conference report:

> Categories which the conferees envision could be granted a ceiling price above the average ceiling price of $5.25, would be crude oil produced from stripper wells, oil produced by secondary tertiary recovery, and other sources of crude which require higher prices to permit recovery of costs and to provide additional incentives to maintain production and stimulate new development.

There is general recognition that the 13 percent of the U.S. production which comes from stripper wells, which produce less than 10 barrels per day, is more costly to produce than oil from other sources. This was recognized by the Congress when the Emergency Petroleum Allocation Act was enacted on November 27, 1973. That Act exempted stripper well production from price controls. Reading from the conference report on S. 1570:

> Section 4 (e) (2) states that the regulation promulgated . . . shall not apply to the first sale of crude oil produced in the United States from any lease whose average daily production of crude oil for the preceeding calendar year does not exceed ten barrels per well. To qualify for the exemption . . ., a lease must be operating at the maximum feasible rate of production and in accord with recognized conservation practices.

Now, Mr. President, the Senate in approving the conference report may repeal this earlier distinction between stripper well production and other sources of oil. Three months after providing recognition of the cost of stripper production through an incentive in the Emergency Petroleum Allocation Act, the Congress now intends to remove that incentive.

Stripper wells in the United States are operated by approximately 4,000 independent oil and gas producers and explorers. These small businessmen—the independent producers—are responsible for some 75 to 80 percent of the exploratory drilling in the United States to find new reserves of oil and natural gas.

In recognition of the increased cost of stripper well operations and secondary recovery, I would hope that the Congress would encourage the President to establish the ceiling price for oil from these sources at the maximum provided for in the conference report to accompany S. 2589. It would seem to me, and I am sure other Members of the Senate, that this distinction would be consistent with section 110.

Mr. President, I ask Senator JACKSON, the manager of this conference report, to comment on the validity of the distinction I have set forth for stripper well production and secondary recovery sources when maximum ceiling prices are established by the President pursuant to section 110 of the conference agreement.

Mr. JACKSON. Mr. President, I would be happy to comment on this question. On page 63 of the conference report, the conferees addressed themselves to the special cost problem of stripper wells. The Senator from West Virgina has read from page 63 of the report. I concur in his interpretation and the language of the report on stripper wells.

I would therefore reassure my distinguished colleague that the conferees fully expect that the petroleum price scheme established pursuant to this section will

reflect the differential cost structures of different producers. It was clearly the intent of the conference that the price of stripper well oil be set sufficiently high to cover their higher production costs and to provide a reasonable profit. The conference report would do that.

Finally, Mr. President, may I merely add that when we discussed the stripper well issue in connection with the Alaska pipeline bill, I worked out a compromise amendment which was adopted. This amendment provided for the exemption from price controls of crude oil coming from stripper wells producing 10 barrels a day or less.

I agree with the basic philosophy here. Obviously there is a world of difference in what the price should be for a well that produces only 10 barrels a day and a well that produces 100 or 1,000 or 10,000 barrels a day. It is a question of cost. The distinguished Senator from West Virginia has addressed himself properly to that issue. That is why we have the certification requirement in here to make it possible for the administrator of the energy program to make necessary adjustments related to the cost. So there will be at least two tiers, and maybe more than two tiers of prices, in connection with the equity of taking care of those operators who have higher costs. Costs will vary, obviously, by the number of barrels being produced daily by a given well.

Mr. FULBRIGHT. Mr. President, will the Senator from Washington yield?

Mr. JACKSON. I yield.

Mr. FULBRIGHT. I find this colloquy very interesting because my State has a large number of stripper wells and many of them, I may say, produce below 10 barrels. We have a lot of them closed down which are capable of producing 2, 3, or 4 barrels and which the operators already anticipate they might reopen at this $10 price.

I have had them come to see me and write to me. They want to know about the price. It is marginal as to whether they can afford to reopen them, clean them out, and get new pipes and new pumps. These wells have been closed down.

As I understand it, the $7.09 maximum has been testified to as being adequate. Frankly, I am not sure that it is. Some of the very small ones say it is not. It would be my purpose, if this conference report is enacted and they still say they cannot afford to produce at that price, to follow up on it. As the Senator from Washington has said, a third-tier price may be necessary for the very small ones, simply in the public interest. We need the oil. It is not a matter of trying to subsidize or enrich the owners. There are so many of these small stripper wells that they do produce a sizable amount of oil, and it is in the public interest to have it produced.

I have said before that I am dubious about Congress setting prices in this or any other area, because it creates a certain rigidity that just does not work in our economic system. But, with the nature of the emergency, particularly with respect to propane prices, it is my intention to support the conference report. I reserve my right to disagree with the stripper well price provision. I plan to introduce a bill on the stripper matter separately.

Mr. JACKSON. I agree with the Senator.

I offered the exemption on the stripper well, and we were assured that the price would go up at the most a dollar, and it went from $3.90 to $10.35. I did not contemplate such a rise.

I am totally sympathetic with the stripper well problem. It is a problem that involves all elements of equity. I share the view of the distinguished junior Senator from Arkansas as well as the distinguished senior Senator from Arkansas, who has previously expressed his concern about this problem.

I believe that we have an equitable solution here, and we can review it and follow it and see what happens.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. McCLELLAN. I want to make the observation that, as my distinguished colleague has said, we do have wells in Arkansas that are capable of producing some oil. Some of them, as has been pointed out here, probably will not produce any oil even at this level. But this is a beginning, and this does insure production from a great many of them.

As my colleague has stated, if this does not reach far enough to get the other oil that is available, that is needed, we will simply have to reach down further later, to make possible the production of that oil. This oil is needed. As long as it is in the ground and as long as the opportunity is there to get it during this emergency, we should get that oil out of the ground.

Mr. JACKSON. I agree with the distinguished senior Senator from Arkansas as well as the distinguished junior Senator from Arkansas.

Mr. BARTLETT. Mr. President, will the Senator from West Virginia yield?

Mr. JACKSON. I yield to the Senator from West Virginia.

Mr. BARTLETT. Will the Senator from West Virginia yield for a question?

Mr. RANDOLPH. I should like to respond further, and then I shall be delighted to yield.

Mr. President, I think that the Senators from Arkansas are realistic about this matter. They are concerned, as many of us in this Chamber are concerned, with production from the so-called stripper wells as well as secondary and tertiary recovery. I repeat what I said in my earlier statement: There are 4,000 persons in this category—frankly, not all are companies.

Mr. FULBRIGHT. Just individuals.

Mr. RANDOLPH. No. These individuals are small business people. And they account for approximately 75 to 80 percent of the exploratory drilling in this country to find new reserves for oil and natural gas. Incentives are needed if these individuals are going to continue their exploration and development activities.

My esteemed colleague from West Virginia, Senator BYRD, and I, recognize the need for such incentives for stripper well production as well as secondary and tertiary recovery.

Under the conference report, in the State of West Virginia, when we talk about the maximum for stripper production it would come to approximately $8 a barrel, rather than just the $7.09 that is frequently referred to. It will vary in certain areas. The base price of May 15, 1973, plus the $1.35 incentive would bring it to $5.96. With the additional 35 percent, as many who I have spoken to have indicated, this would bring the maximum price to about $8 a barrel for stripper well production in West Virginia.

I have talked with literally dozens of concerned stripper well production people. They feel that they would like to and would have to have a higher price. The Senators from Arkansas, Senator McCLELLAN and Senator FULBRIGHT, also have addressed themselves to the matter of incentives. But there has been little realism on this matter until the present time.

Mr. President, I think the Senator from Washington (Mr. JACKSON) is realistic and I think this is very important that we be realistic at this time. There is a flexibility in this provision, section 110, to deal with the special situation represented by stripper wells and secondary and tertiary recovery. In fact, this is reflected in the conference report.

Mr. JACKSON. The Senator is correct.

Mr. RANDOLPH. I ask the able manager of the bill how many provisions are in the conference report that we are attempting to cope with. One provides unemployment compensation for those persons who are dispossessed of jobs because of an energy crisis. How many provisions are there all together?

Mr. JACKSON. We have a long list.

I point out to the Senator that in addition to the pricing provision and the unemployment insurance, we provide legal protection for service station dealers. This bill prohibits the termination of franchises for both branded and unbranded dealers. This has been a serious complaint all over the country.

Then we require reporting of data that ought to be disclosed. Even now, the Government is in the position of not being able to tell us how much oil is coming into the country. And industry disagrees with the Government figures. Under this bill, we will have mandatory data disclosure.

Then there are provisions for adequate safeguards in connection with antitrust matters. Also, regular authority to mandate operating hours for gas stations—something that the whole country is up in arms about. No one knows what hours a given station is going to be open.

Then we have a long list of things, such as allocation of fuels and essential materials to fuel producers. We brought out yesterday that the major international oil companies have more than half of the available drilling equipment brought up, so the little independent cannot get it. Under this bill, there can be mandatory allocations of such essential goods. It would stop this hoarding.

Let me go on down the list. It covers some 10 additional items.

Mr. RANDOLPH. Including the conversion of oil and gas burning plants to the use of coal.

Mr. JACKSON. That is right.

Mr. RANDOLPH. Keeping in mind their environmental impact.

Mr. JACKSON. That is right.

Mr. RANDOLPH. Of the 46 generating plants on the east coast, some one-half of them can be converted with minimum environmental impact, without any health impairment. As of today, there have been 10 voluntary conversions. If this conference report is approved by the House, we will have the opportunity to look carefully into the environmental and public health impacts of these and any future conversions of other generating plants.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. JACKSON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Thirteen minutes.

Mr. JACKSON. How much time remains to the other side?

The PRESIDING OFFICER. Twenty-eight minutes.

Mr. BARTLETT. Mr. President, will the Senator from Arizona yield to me?

Mr. JACKSON. May I just say to the distinguished Senator from West Virginia (Mr. RANDOLPH) that he has summed it up very well. This is an emergency bill. It will only last for a little more than a year. It will expire on May 15 of next year. We are dealing with an emergency.

If the country comes to the conclusion that all Congress can do is to bring in a conference report and refer it back—this has been going on since early in December—I think they are going to lose faith in our governmental institutions.

I feel very, very deeply that we have made a last-ditch effort to get the best bill we can get. This is a good bill. I do not agree with everything in it. Anyone who has ever been in conference never agrees with everything in a bill. I hope the Senate makes clear its position.

The Senator from Arkansas wishes to ask a question.

Mr. FULBRIGHT. I would like a clarification on the Senator's statement that the price could go above $7.09. In reading the description in the report, it would seem that $7.09 is the upper limit, but the Senator from West Virginia is saying under certain circumstances it is possible to go above $7.09.

Mr. JACKSON. The Senator is correct. May I respond that the $7.09 is an average figure. In the case of oil it depends on the grade of oil. There is sweet crude which is low sulfur and there is sour crude which is low sulfur; so that the price can go above, depending on the quality of the oil coming out of the stripper well and the location.

Mr. FANNIN. Would the Senator agree——

Mr. JACKSON. Just a minute. The Senator from Arkansas has the floor.

Mr. FULBRIGHT. I particularly appreciate what the Senator said, that these price controls are temporary. Fundamentally, I do not approve of Congress or any other legislative body setting prices in a free economy. Usually they are inflexible and I do not approve of them. I shall vote for this bill only because it is temporary. I am sure that events we cannot foresee may alter the situation. I shall vote for this bill only because there is an emergency, particularly with respect to the price of propane.

Mr. JACKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BROCK). The Senator will state it.

Mr. JACKSON. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 9 minutes remaining.

Mr. JACKSON. I yield 4 minutes to the distinguished Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. HASKELL. Mr. President, I would like to ask the distinguished manager of the bill a question. The distinguished Senator from West Virginia referred to the stripper well situation and the flexibility provided for there. It would be my understanding that on new oil, that is, a new discovery of oil, the higher price of $7.09 per barrel could be granted by administrative action. I would like to get the reaction of the Senator from Washington to this situation. Assume that the President just decides to advance the price of old oil as well as new. As I read the conference report, this would be an unintended action as a matter of law. This type of action is not intended by the conferees. Would the Senator from Washington comment?

Mr. JACKSON. The Senator is correct. Section 110 places on the President the specific burden, to justify in detail any crude oil price increases above the base. As discussed here, in the case of stripper wells a justification for such an increase could be made; this is a special situation but, that does not mean he could arbitrarily and capriciously raise it up to $7.09. He has to make detailed findings in accordance with section 110, and that is submitted to Congress.

Mr. HASKELL. I assume the Senator would concur it is probably desirable for newly discovered oil to have a different price than old oil.

Mr. JACKSON. That is correct.

Mr. HASKELL. The idea is to increase production.

Mr. JACKSON. The senior Senator from Arkansas has clarified the question.

Mr. McCLELLAN. I understood the junior Senator from Arkansas to say that it is not anticipated that the price will be increased to $7.09 for stripper wells.

Mr. JACKSON. Prices for stripper wells could be raised to $7.09 where justified; but the Senator from Colorado is asking the question as it relates to oil generally.

Mr. HASKELL. It would be clearly improper. However, an advance in new stripper oil would be quite proper.

Mr. JACKSON. The Senator is correct. The Senator from Colorado agrees with both Senators from Arkansas on this point.

Mr. HASKELL. I do. I think the Senator from Washington.

Mr. President, I ask unanimous consent that a brief statement I have prepared to be printed at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR HASKELL

The Interior and Insular Affairs Committee conducted three days of hearings on proposed legislation introduced by the Chairman of the Committee (Mr. JACKSON) which provided for a roll back of crude oil prices.

The Chairman and his colleagues in the conference deliberations on S. 2589, the Energy Emergency Act, used the expertise gained in those hearings on drafting the price roll back provisions contained in the conference report.

As a member of the Interior Committee I was privileged to sit through those hearings and to gain a new insight into the current pricing situation.

In short, it is a mess. Even the so-called experts cannot agree as to what course should be followed. It is clear there is a need for action and that the Administration has not been willing to exercise the authority already given them to control crude oil prices.

Let me cite two particularly blatant examples of statements by knowledgeable witnesses who appeared before us which I believe show the need for the Congress to take action immediately if the situation is to be controlled.

Two representatives from the Federal Energy Office appeared before us. The Assistant Secretary of Treasury for Economic Policy, Mr. Fiedler, appeared, along with Mr. Gerald Parsky, Executive Assistant to the Administrator of the Federal Energy Office.

I asked Mr. Fielder: "How far would you roll back the present price that I gather today is $10.25 on new oil?" He replied:

"My concern is primarily with the price of all oil because this is a function of conservation that depends on the price consumers are paying and they are paying a price of imported and domestic, not only new, but the old as well and stripper.

"I don't have a specific number in mind, but I think that the $5.25 price that Senator Jackson mentioned earlier, rolling all oil prices back to that level, would be disastrous."

Sen. HASKELL. "To what level?"

Mr. FIELDER. "To the $5.25 Senator Jackson mentioned earlier."

Sen. HASKELL. "Do you have any opinion at all as to where it should be rolled back to?"

Mr. FIELDER. "Not any specific number."

I interpret that as an indication that Mr. Fielder—one of those responsible for determining the Administration's policy with respect to oil prices—has no opinion whatsoever as to what those oil prices should be.

Let me contrast his statement of no opinion with the statement made by Mr. Parsky:

Mr. PARSKY. "We would agree that the average price of $9.50 or so is too much too fast, no question about that. We are now in the process of studying the pricing situation and trying to carefully assess the economics of secondary and tertiary recovery as well as the economics of operating stripper wells in order to come up with an accurate level that can continue to increase supply."

Later on he stated:

"The intention at this point would be, or at least all indication that we have are the $5.25 on old oil is sufficient."

I cannot stress too strongly that the Administration's designated spokesmen, in an appearance before the Interior and Insular Affairs Committee, testified that a price of $5.25 on old oil—the price contained in the Conference Report—is sufficient. Now they are lobbying actively to have the bill defeated by sending it back to the Conference Committee.

Let me set forth another example of contradictory testimony before the Committee.

Mr. C. John Miller, President of the Independent Petroleum Association of America appeared and stressed the importance of the small businessmen in the oil industry. He stated:

"Much of the public attention on oil prices, oil profits and oil taxes during recent weeks and months has centered on a handful of large international oil companies. This has obscured and overlooked the fact

that some 10,000 small businessmen—the independent producers—are responsible for 75 to 80 percent of the exploratory, or wildcat drilling directed at finding new reserves of oil and natural gas in the United States.

"The increases in domestic crude oil price, however, have increased U.S. exploration and development and we are convinced will result in increased supplies for consumers."

Mr. Miller then does on to attempt to explain the Independent Petroleum Association analysis of oil prices which are necessary to keep U.S. exploration and development healthy and expanding. He explained:

"Using the 1973 price of crude oil, the IPAA analysis, in terms of constant 1973 dollars, shows that an average price of about $6.65 per barrel for crude oil for all domestic crude oil would be required over the long run to achieve 85 percent self sufficiency in oil and gas by 1980, and $8.40 for 100 percent self sufficiency."

Keeping that $6.65 per barrel price in mind it is appropriate to look at the current price situation to determine the effect of a price roll back.

The IPAA analysis of the current supply situation is that we are currently getting 24.6 percent of our available crude from imported sources which are priced at $10; new production represents 18.8 percent, also at $10; old production represents 56.6 percent at a $5.02 average. The current supply—as of the date of Mr. Miller's statement—ends up with an average price of $7.18 per barrel. That price of $7.18 per barrel is far above the $6.65 per barrel price IPAA believes is necessary to achieve 85 percent self sufficiency.

Their assessment of what would happen if new oil is controlled at or near a $7 level—a contingency which is clearly provided for and intended in the Energy Emergency Act Conference Report—indicates that the $7 price is both possible and desirable. Mr. Miller stated, "If we were to consider the roll back of new oil to the $7 level and go through this same mathematical sequence (described above) we would end up with the average price of supply at $6.617."

That price is within four cents per barrel of the price desired by the original IPAA analysis to obtain a high degree of domestic self sufficiency. It is certainly much more in line than the $7.18 per barrel average. And with new and stripper oil prices skyrocketing that $7.18 per barrel average is likely to increase dramatically in the coming weeks and months if we don't force reasonable price controls to be implemented.

It is amazing to me that the IPAA can ignore the implications of their own statistics and lobby against this legislation.

As a final note I would like to quote a statement made by Federal Energy Office Administrator Simon in a press conference which he held January 23, 1974. He stated:

"Now, as far as $5.25 is concerned, that has presently generated enough exploration in this country and is giving the incentive to go out and bring on all this additional exploration and production that we need to get the job done."

Mr. JACKSON. Mr. President, I reserve the remainder of my time.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. JACKSON. I have only 6 minutes remaining.

Mr. FANNIN. Very well; on my time. Why does the Senator set the price of $7.09 when the chance of its going to $7.09 is minute? This is an emergency bill. It will create a real emergency, I think we ought to have the facts. When he says oil could go, under this legislation, to $8, he knows that that is not so.

Mr. McCLURE. Mr. President, I ask unanimous consent that Michael Hathaway, of my staff, be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I should like to point out to the distinguished Senator from West Virginia (Mr. RANDOLPH) that this provision would tear the heart out of the stripper amendment. With litigation and with hearings that will take place, there is no opportunity that $7.09 will even be realized prior to the termination of the act. In addition, we have money now being spent on stripper wells with the $10.25 being reduced to $5.25. This will result in a reduction in the takeover of many stripper wells.

Mr. FANNIN. Mr. President, I yield 3 minutes to the distinguished Senator from Alaska.

Mr. GRAVEL. Mr. President, I simply want to underscore the statement made by the distinguished Senator from Arizona; that is, in the effort to handle the emergency, we are going to be creating a worse emergency. I would hope that the distinguished junior Senator from Arkansas (Mr. FULBRIGHT), for whom I have great respect, would really harken back to his experience in economics. What the bill will do is to create an emergency unparalleled in our history. There is no way to extricate the emergency problem over short run from the longrun problem. The longrun problem is that we cannot solve the situation without having more oil.

When we talk about rationing and allocation, we are really apportioning the burden, as everybody must know. If we are to lift the burden, we have to do it by increasing the flow in the marketplace, so that we can increase production.

The Senator from Arkansas is very knowledgeable in foreign affairs. Maybe he can explain to me why, if he and I had a million dollars, and were going to invest that money—and we are oil people—why should we invest the money in Arkansas, Alaska, Texas, or Oklahoma if we can take the same million dollars and go to Indonesia, or the Northeast, or the Middle East, and produce oil and sell it at $10 a barrel, rather than being restricted to a price of $5 in this country? We can pass all the laws we want to about gravity or economics, but it will be to no avail.

So we are going to pass this bill today, but I promise you we will be debating this matter 6 months from now, and the lines at the gas stations will be twice as long as they are now.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GRAVEL. Mr. President, will the Senator yield me 3 minutes?

Mr. FANNIN. I yield 3 minutes to the Senator.

Mr. GRAVEL. And whom are the people going to blame? If Senators think we are low in the polls now, hang on, because we cannot solve the problem by shrinking the supply. That is exactly what this legislation does. It chases capital out of this country to their places. In point of fact, it causes inflation, because as we shrink the supply in the United States, we push up supplies abroad. So we will not be buying oil at $10 a barrel; we will be buying it at $15 a barrel and we will have an outflow of dollars that will place our economy in jeopardy, if not in bankruptcy.

Mr. FULBRIGHT. There is only one possible way in the short term to get relief, and that is to settle the war in the Middle East.

Mr. GRAVEL. If I could disagree with my colleague, that is absolutely the worst thing that could happen, because if the Arabs lifted their embargo, the crisis would subside and we would continue to send the dollars abroad.

We will be sending abroad in 1980 $20 billion a year, and nobody has an answer for this overflow of capital. Our monetary system will be controlled in Zurich by the Arabs or anybody who has the American dollars. Is that what my colleague is seeking?

Mr. FULBRIGHT. I said short term.

Mr. GRAVEL. The short term problem is the same as the long term problem. The only reasons we have a shortage of energy is that we do not have enough oil. We are asked to pass legislation that will add to the shortage. It is simple economics. A shortage increases prices. If we want to bring the price down, we do not do it by legislation; we increase the supply. What we have to do in this country is increase the supply of oil, and the price will come down.

Let us look at the record. From 1952 until 1971 the price of oil, in constant dollars, had gone down. In 1958 the price was $2.80 a barrel, in constant dollars. The price of oil had gone down. Does the Senator know what followed that? The money was not spent for exploration. The American public said: "We do not want to invest our money in gas and oil, because it is not profitable."

This conference report has many good features. One is unemployment compensation. The only problem is, it is not large enough, because, if this measure passes, we will have to treble and to quadruple it. This bill will put people out of work.

Mr. BARTLETT. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial, letter, and fact sheet.

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

POLITICIANS LACK THE COURAGE TO LET A FREE OIL MARKET WORK

The present political climate in Washington makes tight price controls and a rollback for domestic crude seems tragically inevitable.

Congressmen are vociferous in denouncing "$10 oil." Federal energy officials, pressured to act, are entangled in jerry-built statutes and are asking for clear-cut sweeping authority over oil prices.

The situation is a classic example of the headaches involved in political attempts to tinker with prices of a basic commodity. It is the best argument possible for permitting a free market to determine prices for oil.

The contradiction of "old" oil selling for a $5.25/bbl while "new" and "stripper" oil commands a $10-plus top was predictable under a two-tier price structure. Unequal price pressures were bound to rise with old oil under controls but with new production freed by administration edict and stripper output freed by act of Congress. The unrealistic rules invited some unrealistic prices.

These prices still aren't as unreal as critics say "$10 oil" is actually an overstatement. Average price for free oil is only $9.50 by government calculations; and since it represents only about a fourth of domestic oil, average price for all oil is $5.95.

The two-tier structure, despite its faults, has proved a point The higher prices of free-market oil have forced a more realistic evaluation of controlled prices for old oil and also excited industry interest in new supply. throughout the oil country, plans are being made for reconditioning wells and for drilling wells and for drilling and developing new production. Capital budgets have been increased enormously. New supply from these sources—given time—inevitably will soften high prices. Two politicians obviously aren't willing to wait for this correction.

The danger of a price rollback now is that it may destroy new incentives for increasing domestic supply which ultimately is the route to greater energy independence.

Federal energy officials want to restore a single structure by ending the free market for new and stripper oil. Whether this will prove a disaster by killing off the budding oil-country activity depends in part on how tight the politicians screw the price clamp. The uncertainty it poses for future prices could have just as deadly an impact.

The guiding principle still must be a price high enough to attract new effort and investment in expanding the supply of petroleum. The workings of a free market could eventually adjust to such a price. It's doubtful that price controllers, no matter how well intentioned will be allowed to set such a price.

Only a single price structure free of artificial controls makes sound economic sense The consumer will be better served in the long run by toughing out a period of high prices in order to get more supply. His choice really is: high prices with more oil or lower prices with less oil. The politicians apparently haven't the courage to accept this fact.

INDEPENDENT PETROLEUM
ASSOCIATION OF AMERICA,
Washington, D.C., February 14, 1973.

The Honorable DEWEY F. BARTLETT,
U.S. Senate,
Washington, D.C.

DEAR DEWEY: This is to express our deep concern about the rollback of *domestic* crude oil prices as proposed by Senator Jackson in the Emergency Energy Act (S. 2589).

In our opinion, the proposal would cause a drastic curtailment in exploration and development of domestic reserves forcing U.S. consumers to become more dependent on imports which cost from $10 to $20 per barrel about twice as much as the average for domestic crude oil. Because of the improved prices for crude oil that occurred in 1973 there has been a very substantial and widespread reactivation of independent explorers and producers, as has not been witnessed in more than 15 years. The Jackson proposal would apply to "new" oil and stripper well production. The Cost of Living Council exempted "new" oil from price controls and the Congress exempted stripper well production for the sole purpose of permitting the market place to stimulate domestic exploration and production. This is now working most effectively and the average price of this exempted oil is only $9.50 per barrel, well below the price being paid for imports which would continue to be passed on to U.S. consumers.

We also submit that Senator Jackson is completely wrong in holding out to the U.S. consuming public that his proposal will bring about a meaningful reduction in consumer prices. His rollback applies to only 15 percent of total oil supply from both domestic production and imports. At most this could mean about 1 cent per gallon reduction on all oil products. This savings would be temporary because domestic exploration and production will be reduced, aggravating existing shortages and necessitating an increased use of far higher priced imports.

Furthermore, the domestic production that is rolled back is primarily owned by independents who do most of the exploratory drilling. They would thus be denied funds vitally needed to expand domestic exploration and development.

For your further information there is enclosed a fact sheet on this matter.

Very best regards.

Sincerely,

L. DAN JONES.

FACT SHEET ON CRUDE OIL PRICES

A rollback of domestic crude oil prices, as proposed by Senator Jackson, would result in less U.S. oil and gas supplies, increased dependency on higher cost foreign oil and higher prices for oil products to consumers.

During 1973, the government permitted the price of U.S. crude oil to rise. According to the Federal Energy Office, the average price of controlled domestic crude oil is $5.25 per barrel; the average price of uncontrolled crude oil which includes new and stripper production is $9.51 per barrel; and the average price of all domestic crude oil is $5.95 per barrel.

The increased prices have brought forth an increase in the activities related to domestic petroleum exploration. The number of active rotary rigs at the end of January 1974, for example, had risen by 12 percent over the same period in 1973. Although there is a time lag between increased exploration and production there is some evidence already that domestic supplies are being increased. U.S. crude oil production declined steadily from 9,637,000 barrels daily in 1970 to 9,077,000 in September 1973, a decrease of 560,000 barrels per day. This trend has been reversed and preliminary figures indicate that production in January 1974 was approximately 9,200,000.

A price rollback hurts the independent producer to a far greater degree than the major oil company. This is so because independents drill 80 percent of exploratory wells and it is estimated that they operate 80 percent of the stripper wells. Most of the oil which the major oil company sells is "old" or controlled oil. But the price rollback would only apply to new and stripper well oil.

To approximate the financial loss to the independent due to this rollback, new and stripper oil produced by independents constitutes approximately 1.9 million barrels of the 9.2 million barrels of oil produced each day. The price of this oil would be rolled back from $9.51 to $5.25 per barrel, a reduction of $4.26 per barrel which would deprive the independent segment of over $3 billion per year, a large portion of which would be spent on domestic exploration and development.

The professed reason for the rollback is to save money for the consumer through lower product prices. The rollback would apply to only 15 percent of total supply (domestic and foreign) and could only result in temporary savings to consumers of about 1 cent per gallon on all oil products.

There has been understandable concern as to increases in price of oil products to the consumer and speculation that we may be facing gasoline prices of 75 cents or even $1.00. In this regard, it is pertinent to keep in mind that the current average price of domestic crude oil is only some 6 cents a gallon over the 1972 price. Obviously, since the average price of gasoline in 1972 was 36 cents, domestic crude oil prices have not been, and will not be, the cause for 50 cent, 75 cent, or $1.00 prices for gasoline. Sharply higher gasoline prices can be attributed to high prices of imported foreign crude oil ranging in price from $10.00 to $20.00, and higher charges for refining and marketing, not domestic crude oil prices.

A rollback of domestic crude oil prices would not solve the problem of increased prices for gasoline, home-heating oil, jet fuel and industrial fuels. By reducing domestic supplies of crude oil, the rollback would result in increased dependency on foreign oil and higher prices for oil products to consumers.

Mr. PEARSON. Mr. President, in these days of debate over price gouging and price rollbacks, excess profits and excess profits taxes, the Senate must not lose sight of the objective of the energy legislation we consider today. Our goal is to insure that the people of this Nation have adequate supplies of energy and reasonable prices. We are not here to punish oil companies nor are we here to promise the American people plentiful supplies of cheap gasoline.

To achieve our objective, we must write legislation which strikes an equitable balance between the returns on investment which are needed to encourage energy production and the prices consumers can afford to pay for gasoline, home heating oil, and other energy resources. Our task is not easy. The economics of energy production and distribution are incredibly complex, but I believe that we can identify basic standards which the legislation we consider today must meet.

First, the provisions of this bill should reflect the limited choices available to us in the short run. We can marginally increase imports from some foreign sources and we are doing so. We can utilize energy more efficiently, and we are doing that. But a most important part of our short-term efforts to fill the gap between our energy needs and energy supplies must come from domestic petroleum resources which are already developed or which can be developed quickly.

In this domestic production, independent oil producers play a vital role. We must carefully consider the impact of any legislation on their ability to fully utilize existing reserves and to develop new oil fields.

Also in the short term, the major oil companies should bear most, but not all, of the burden of price increases which are directly attributable to the Arab oil embargo and OPEC price increases. The majors must accept responsibility for short-term dislocations caused in large part by overdependence on foreign oil and inadequate investments in domestic resources. These major oil companies made the decision to invest in foreign oil and should bear responsibility for the results of the investments. Therefore, on the short term, the major oil producers should not be permitted to reap excess profits, and they should not be allowed to pass through all cost increases of foreign oil to American consumers.

In the long run, the Congress and the American people must face the fact that we cannot amend or repeal the laws of supply and demand. If American consumers are to have an adequate supply of petroleum products, producers must have a reasonable return on their capital investments—reasonable, not exorbitant. Legislation which discourages investment in energy resources will ultimately lead to insufficient production and higher prices.

The legislation we consider today, the

Energy Emergency Act, has numerous provisions which will help us to manage our energy problems and to meet our long-term energy needs. But one provision, section 110, must be carefully examined to determine whether it meet the basic tests I have outlined.

Section 110 would roll back prices of domestic crude to a maximum of $7.09. Section 110 would not regulate the price or supply of imported petroleum products.

On the short term, a price rollback of this magnitude would, in all likelihood, have an adverse impact on supplies of domestic oil. Some stripper wells now producing may not be profitable at lower prices. Many marginal wells which could be uncapped and brought on stream at higher prices will remain capped. Exploration for oil in high risk areas will not be profitable. We would do the American consumer no favor if we would enact legislation which leads to reduced production at a time of acute energy shortage.

The long-term impact of section 110 is much more difficult to judge. If the eventual equilibrium price for crude is above the price established under authority granted by section 110, it would have an adverse effect on domestic production of oil. If the equilibrium price is less than the price established by the Administration, then the American consumers would be paying more for oil than they should. The point is that nobody can presently calculate the long-run equilibrium price of oil nor can they determine the long-run impact of section 110.

Mr. President, I shall reluctantly vote to recommit the Energy Emergency Act. I say reluctantly because this bill contains provisions which should be enacted if we are to meet our energy problems. However, in my judgment, section 110 has failed to meet either the short- or long-run objectives of insuring that the people of this Nation have adequate supplies of energy at reasonable prices.

Mr. WILLIAMS. Mr. President, I rise to express my wholehearted support for approval, without any further delay whatsoever, of the conference report on S. 2589, the Energy Emergency Act.

If ever a piece of legislation deserved to have the overused word "emergency" in its title, this bill does. The shortage of petroleum products has become a nationwide fact of life and, in many areas of the country, a true emergency. Nevertheless, this "emergency" bill, drafted to deal with an "emergency" need, has been languishing in a legislative pigeonhole for more than 8 weeks! This is a reprehensible record which must be set right immediately.

Mr. President, before the Senate began the recent Washington's Birthday recess, I rose to make clear my dismay that we had not first acted on this conference report. I must reiterate today what I said then—the tactics employed by opponents of this legislation to delay action on it are simply inexcusable.

In the short time we were in recess the ripple effect of the fuel shortage has spread rapidly across the Nation. I believe that some States which were previously virtually untouched are now having to come to grips with the full impact of this situation. Others which are today still exempt from the most serious ramifications, will certainly begin to feel them very soon.

My own State of New Jersey is still in the grip of what I have previously described—and must continue to describe—as a gasoline crisis. I am somewhat encouraged by the apparent success of Governor Byrne's forthright action to allocate gasoline sales on an odd-even day basis. Furthermore, I am most heartened by reports that New Jerseyans have responded in an outstanding manner to comply with this program; they have overwhelmingly shown they are willing to sacrifice some individual inconvenience for the common good. And finally, I believe the combined efforts of New Jersey's congressional delegation and the Governor have finally succeeded in prying loose additional fuel to make New Jersey's allocation more equitable.

Nevertheless, New Jersey—and a rapidly increasing number of other States—is still in very serious trouble.

The true, and as yet largely unexplored dimensions of the emergency facing us were brought home to me just 1 week ago. Last Tuesday, I charged a hearing by the Subcommittee on Labor in Trenton, N.J., to explore employment dislocation effects of the energy crisis. The testimony we heard was most disturbing.

For example, Joseph A. Hoffman, New Jersey commissioner of labor and industry, told us at least 11,000 New Jerseyans were out of work during the first week of this month as a direct result of energy shortages. And he stressed the fact that this was only a partial report, and the actual total could easily be 50 percent higher.

Another witness, Mr. Jack W. Owen, president of the New Jersey Hospital Association, told us of surgeons who have run out of gas on the way to operations; of patients unable to reach hospitals for treatment; and of truckloads of medical supplies prevented from reaching their destinations.

As I have already mentioned, our Governor and other State officials are doing everything they can to respond to this emergency. I am sure that other Members of the Senate have directed their staffs, as I have, to provide all the help they can on an emergency, case-by-case basis.

But what we really need is the kind of coordinated, comprehensive response that can only be mounted on a nationwide basis. At our hearing last week, virtually all of the more than 20 witnesses made impassioned appeals for effective leadership by Congress. And I think Commissioner Hoffman underscored the urgency of these appeals when he declared:

> It goes without saying that unless constructive action is taken, a serious situation can very quickly become a desperate one.

Mr. President, the legislation before us today represents the kind of constructive action that is needed. It is the kind of a bill that makes me proud of the leadership of this Senate. And I would point out that until we became bogged down on final approval of this conference report, this Congress had literally been years ahead of the administration in recognizing the developing threat of energy shortages.

The legislation before us today is a solid bill shaped by the tireless efforts of some of the most able Members of Congress. It would establish the necessary administrative framework to deal with the energy crisis; it provides the specific legislative authority to effect maximum conservation of fuel supplies; it authorizes whatever steps may prove necessary to equitably and effectively distribute those resources we do have; and it provides additional assistance for the victims of the shortage.

Mr. President, the contents of this bill are well known to every member of this body and I will not take the time to go over them again. Also well known to all of us is the single issue that has delayed final approval of this measure—the ceiling and resulting rollback in petroleum prices.

In my judgment, there can be no doubt that legislation is needed to slow down the skyrocketing cost of oil and oil products. Certainly, we all agree on the need for incentives for additional oil exploration and development. But that does not mean we should simply abandon the American consumer and allow him to be bled dry by unconscionable prices.

The staggering profits being reported by virtually every oil producer make it crystal clear that the oil companies are prepared to charge whatever the market will bear. And in the light of the crisis that now confronts us, the market will bear a high price indeed. But the burden of paying that price will fall most inequitably on the American people. And those least equipped to bear it, will be crushed by it unless this Congress offers them protection.

The petroleum price ceiling contained in the conference report on S. 2589 would provide the necessary protection, while allowing producers a reasonable return on their investment. It has been carefully drafted after a great deal of hard work by very able Members of this Congress. It is both equitable and workable, and merits the approval of this body.

Mr. President, we can afford no further delay in approving this conference report. The demand for action from the American people is clearly demonstrated by the thousands of letters which I, and I am sure most other Senators, have received.

We must not vote to recommit this bill to Conference Committee. We must vote to make it law.

I can only join with one of my constituents, a man from Stockton, N.J., who asked me in a letter—

> Isn't it about time for the Senate to act on the energy crisis?

Mr. WEICKER. Mr. President, I am compelled by two serious reservations to vote today to recommit the emergency energy conference report.

First, I am deeply concerned by certain provisions in the conference report authorizing the relaxation of clean air standards, as established by the Congress in 1970.

Time and again I have stated my opposition to using the energy crisis as an excuse for relaxing auto emission standards. Progress on the energy front

must not be made at the expense of vital progress in protecting our Nation's health.

Auto emissions are responsible for 70 percent of air pollution in our urbanized areas. By authorizing a further delay in the implementation of statutory auto emission standards, the conference report would take a step backward in the concerted program to remove harmful pollutants from the air.

In addition, the conference substitute language would allow the Environmental Protection Agency to exempt certain electric powerplants and other industries from air pollution regulations for the next 5 years. This provision would clearly compromise a hard-fought national effort to improve the quality of our air. Especially in the densely populated regions of the Northeast, a severe health problem would be created. In fact, one study by the American Public Health Association has estimated that such a conversion would cause a 20-percent increase in both morbidity and mortality due to respiratory and cardiovascular diseases.

To weaken the Federal commitment to clean our air without more thorough analysis would represent an irresponsible and untimely action by the Congress.

Second, and most importantly, I am not satisfied with the broad and permissive grant of authority to the President relative to rationing. Earlier today I introduced legislation mandating the President, upon consideration of various alternatives, to implement some form of gasoline rationing within 30 days of enactment of the bill. It is time for Congress to face the severity of the gasoline shortage and tackle the tough policy-making issues, rather than abdicate more and more authority to the President.

During the debate on the emergency energy bill late last year, I, along with 39 other Senators, voted in favor of mandatory rationing. Since that time, we have witnessed severe spot shortages and panic buying in various regions of the country as a result of a fragmented State-by-State approach to a national problem. Effective national leadership is essential to insure an equitable sharing of the burden. The time has come to understand that this is a national crisis and it requires a national solution.

An effective rationing program would allay the fears of motorists reacting to uncertain conditions. I am confident the American people can comply to a uniform rationing scheme, just as they adjusted their lifestyles in response to governmental appeals to conserve fuel supplies. But so long as we sacrifice pollution standards and fail to take positive action for gas rationing, I cannot support the Emergency Energy Act conference report.

Mr. BELLMON. Mr. President, today's vote in the Senate on the conference report on the proposed National Energy Emergency Act could be one of the most important votes of this session, or of any session. It could very well determine whether this country achieves energy self-sufficiency, or whether our citizens face an endless period of shortages and probable rationing of fuel.

If this bill should pass in its present form, with the rollback on the prices of domestic crude oil, residuals and products, it virtually guarantees that this country is going to be short of fuel from now on. It further guarantees that we are going to be increasingly dependent upon the Middle East for whatever crude we can get from those countries.

According to a knowledgeable source in Oklahoma, a rollback of domestic crude oil prices at this time would produce these results:

A substantial number of wells would be plugged and abandoned as unprofitable at the rolled back prices, causing loss of vitally needed barrels of crude that will never be produced.

Drilling operations and additional recovery programs which are now being expanded because of an improved price incentive would be severely curtailed.

The already critical energy shortage would be greatly intensified with further and serious economic detriment to the Nation as a whole. In addition, the dependence of the consumers of this Nation on imported crude oil would increase considerably, and the unreliability of such dependence has been amply demonstrated in the last few months.

In effect, imposing a rollback on our domestic oil producers would be more disastrous than any Arab oil embargo, because it would choke off the capital which is needed to expand exploration efforts and develop the potential new sources of energy which we have in this country. I refer to the production of synthetic crude oil from coal and oil shale at the prices set in this bill no invertor will seriously consider building the multimillion-dollar plant needed to produce the synethetic oil this Nation must have.

In all probability, what this bill ultimately would mean is the nationalization of the energy industry in the United States, because under this kind of legislation the private sector probably could never meet our country's energy requirements. If the private sector fails because of congressionally applied hobbles here would likely be a move to get the Government to take over.

Mr. President, it is difficult for me to believe that even the most frustrated motorist waiting in line at the station to pay 50 cents a gallon for gas wants that to happen. It is better to have 50-cent gasoline today than no gasoline tomorrow.

If there ever has been a bill before the Congress that it was important to have defeated, it is this bill, and I strongly urge that the conference report be recommitted.

Mr. President, let me emphasize that Oklahomans—and that certainly includes the Senator from Oklahoma—are concerned about solving the energy crisis. Within the past few days, I have been provided with a report from the Oklahoma Energy Advisory Council, which was composed of 180 citizens of my State, of which only 26 were associated in any way with the oil and gas production business. This citizen-member council studied the various problems of energy production, transportation, distribution, importation, exportation, refining, and consumption. They concluded that the present energy shortage is not contrived, but real, and that today's crisis was brought about by a supply and demand imbalance that has been "severely irritated and disrupted by governmental policies and action here and abroad," to quote the council chairman, Robert A. Hefner III.

Mr. President, within recent weeks two other bodies of public opinion in Oklahoma have come forth with recommendations relating to the energy crisis, stressing the need for incentives for our energy producers. I ask unanimous consent that a resolution adopted by the Oklahoma State Senate and a list of recommendations from an energy policy statement adopted by the board of directors of the Oklahoma State Chamber of Commerce be printed in the RECORD.

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

A CRISIS THAT DICTATES ACTION

The gravity of the energy crisis is such that the people of Oklahoma and the Oklahoma legislature should memorialize Congress to take the following action immediately:

1. *Extension of offshore leasing to Atlantic and Pacific areas.* Since the outer continental shelves of the United States have reserves estimated at 190 billion barrels of oil and 1,100 trillion cubic feet of natural gas, more frequent and larger lease sales should be scheduled for exploratory and development drilling—including tracts off the Atlantic and Pacific Coasts.

2. *Incentives for construction of needed refining capacity.* The equivalent of sixty 150,000 barrels per day refineries are needed between now and 1985 to help heat America's homes, fuel our vehicles and operate our factories. Support should be given in making this increased refining capacity available to help alleviate the energy shortage.

3. *Deregulate the price of natural gas at the wellhead.* Natural gas supplies one-third of our nation's energy—heating half our nation's homes, fueling 49 percent of industrial production and producing 25 percent of the nation's electricity. Gas requirements by 1990 are expected to be nearly double what they are today. Yet, there has been only limited economic incentive to explore for and develop new reserves of this energy component.

It is a historic fact that federal regulation has, since 1954, kept the price of natural gas at unrealistically low levels compared with equivalent energy units derived from other energy types. Demand for cheap and clean natural gas has spiraled—creating a wide breach between supply and demand. As a result of regulated prices, return on capital invested in the exploration for the development of new gas reserves as has been below that of average industry profitability and interest on long-term corporate bonds.

Oklahoma's 12,000 square mile portion of the multi-state Anadarko Basin, the Arkoma and other deep basins should be developed as the state's more prospective and known gas reserves. The Anadarko Basin reserves are estimated at 30 trillion cubic feet of gas. High cost of drilling to these deep reservoirs is staggering. Necessary exploration and development efforts have been perverted by federal control of gas prices at the wellhead. The incentive of a free market for natural gas is necessary if these reserves are to be brought into production. Economic benefits from multimillion dollar exploratory and development programs will sustain the Oklahoma economy and provide additional supplies for the needs of our citizens.

Increased prices to the consumer would result, but studies indicate that the economic impact on the consumer would be neither sudden nor large. We agree that increased earnings resulting from price deregulation of gas should be utilized to provide additional supplies from domestic resources.

4. *Continue the depletion allowed on oil and gas.* Maintenance of this and other incentives for high cost exploration and development are necessary for an expedited program of drilling for oil and gas.

5. *Inaugurate an investment credit on basic capital* invested in such energy producing activities as secondary and tertiary projects and production increasing remedial work on stripper well leases. This incentive is vitally needed in Oklahoma, where known reserves subject to secondary and tertiary recovery are estimated at 10 billion barrels. (This is exclusive of heavy oil and tar sand reserves.) Seventy percent of Oklahoma's oil wells are stripper wells, producing an average of less than four barrels daily. Production from these wells represents 40 percent of the state's total oil output. The potential for more production from these wells through remedial, rework and in-field drilling lies in increased oil prices and other incentives.

6. *Rescind Phase IV controls.* These and predecessor controls have created unexpected shortage of all kinds. Typical is the shortage of drilling pipe, casing tubing and some other rig components used in drilling wells. This shortage has materially affected the drilling of wells in the past few months. Some of the available supplies are being exported because prices are better outside the U.S.—due to Phase IV controls. Industry, labor and the consumer, alike, are asking Congress to take this action, the U.S. Chamber reports.

7. *Air pollution and health/safety regulations should be carefully administered.* This care should be taken to avoid imposition of unnecessary economic costs and restrictions on industrial maintenance and development. They should be directed toward minimizing real hazards to environment and to the worker—with impairment of industrial operating efficiencies only where required for environmental maintenance and worker safety.

8. *Expand operations in the Naval Petroleum Reserves of California and Alaska.*

9. *Suspend all lead-in-gasoline restrictions.* This will significantly increase mileage per gallon, without seriously altering any air pollution controls. Restoration of previous lead levels alone will mean less gasoline burned per mile. The EPA now admits it does not have any real case against leaded gasoline on health grounds.

10. *Support the states in effective reclamation of surface-mined lands.* It is essential that coal be a major source of basic fuel for electrical utilities through the rest of this century. It is essential that suitable means be developed to assure that this vital fuel resource be available for electric generation and other energy uses. The federal government should support the efforts of the states and the mining industry in effective reclamation of surface-mined lands, while continuing to permit use of this mining technique.

11. *Common energy goals should be supported by massive private and governmental research and development.* Energy experts recognize that, for the remainder of this century, petroleum and natural gas will be expected to carry much of our nation's energy supply load, with imports making up the difference between domestic supply and demand. Our dependence upon energy supply sources not directly within our national control will be reduced in direct ratio to a) the discovery-development of new energy reserves and b) advanced recovery techniques for know petroleum reserves unproducible by methods now in use.

ENROLLED SENATE RESOLUTION NO. 86

A RESOLUTION MEMORIALIZING CONGRESS TO ACT TO MEET THE ENERGY CRISIS; AND DIRECTING DISTRIBUTION

Whereas, Oklahoma holds a unique position in the nationwide energy crisis, being a principal supplier of natural gas and petroleum for the rest of the nation, in that approximately two-thirds of the oil and natural gas produced in Oklahoma is exported to other states and essentially 100 percent of total energy consumption in Oklahoma is from natural gas and petroleum products and is therefore vitally affected by national energy policies, some of which have served actually to exacerbate the energy crisis, accelerate the depletion of our reserves, and provide economic barriers to exploration and development of our resources; and

Whereas, the history of federal government intervention in the marketplace is not such to inspire confidence in its ability to correct imbalances in supply and demand; and

Whereas, most of this nation's greatest economic problems, such as the current energy shortage, are largely the result not of government inaction but of government interference in the working of what is still basically a free market economy; and

Whereas, this is bad government and bad government is usually the result of too much government; and

Whereas, when Washington substitutes the wisdom of the bureaucracy from the exactitude of the marketplace, Washington itself deserves the blame when the bureaucracy guesses wrong, but the solution is not to create a bigger and better bureaucracy to ration resources and manage prices; and

Whereas, this wrong-guessing is exemplified in:

Speculative and often contradictory statements by Washington officials about fuel supplies causing, among other things, declining automobile sales in an industry employing directly or indirectly one out of six people in this country;

Shortages of propane this winter and gasoline last summer as a direct result of distorting refinery price incentives through an artificial control mechanism;

Current shortages of diesel fuel for farmers, truckers and energy producers resulting from allocation priorities for middle distillates;

Natural gas shortages directly resulting from artificially low prices controlled by the Federal Power Commission which, on the one hand, encourage substitution of this fuel for others such as coal and, on the other hand, provide no economic incentive for exploration and production;

Current shortages of tubular steel goods as a result of lifting price controls on other steel products; and

Whereas, State of Oklahoma officials have attempted to call officials' and the public's attention to the problem of exhaustible petroleum and natural gas resources; and

Whereas, while conservation measures for all users of all forms of energy are necessary and desirable in present circumstances, overreaction and short-term solutions which impose additional rigidities on our economy and resources will do irreparable harm; and

Whereas to date in the current crisis, action taken by the federal government, other than expansion of allocation systems and price controls, has been limited to imposing Daylight Saving Time and legislation which would reduce highway speed limits and prohibit gasoline sales on Sunday.

Now, therefore, be it resolved by the Senate of the 2nd Session of the 34th Oklahoma Legislature:

That the Senate of the State of Oklahoma hereby memorialize the Congress of the United States that constructive action by the federal government is needed to deal with both short- and long-range energy problems, including steps to:

Lift controls on oil and natural gas prices to provide more incentive for exploration and production, including production from presently marginal wells and fields;

Restore the domestic depletion allowance to its previous level of 27.5 percent, and further, eliminate the depletion allowance in its entirety on foreign production of oil and gas;

Eliminate price controls on production of tubular steel goods and other products necessary for the production of more oil and gas (supplies at any price being better than no supplies at all);

Give highest priority to developing nonpetroleum fuel sources, including nuclear energy, for generation of electricity, development of vast areas of oil-bearing shale, and extraction of oil and gas from coal;

Call on those states whose legislatures, regulatory agencies and environmentalists have effectively prevented offshore drilling for oil and gas, construction of petro-chemical plants, refineries and offshore terminals, to redirect their attention toward positive approaches to solution of the energy problem, such as exploration off the east and west coasts, including the Santa Barbara Channel which contains oil reserves of hundreds of millions of barrels.

That copies of this Resolution be forwarded to each Senator and Representative in the Congress from Oklahoma, with the request that this Resolution be officially entered in the Congressional Record as a Memorial to the Congress.

That copies of this Resolution also be sent to the presiding officers of the legislatures or assemblies of every State, territory and protectorate of the United States of America.

Adopted by the Senate the 5th day of February, 1974.

Mr. BELLMON. Mr. President, as I said in the beginning the vote on this bill is one of the most crucial ever cast in the U.S. Senate. The outcome will likely determine the course of our Nation's history. Passage of this bill means a weakened America, dependent upon insecure, costly foreign sources for vitally important energy supplies. A vote to pass this bill is a vote to cut America's jugular and reduce our great Nation to economic and political as well as military impotency. This bill is no favor to consumers. It is rather a deadly threat to our Nation, to every American citizen. I urge its recommital.

PROPANE

Mr. ALLEN. Mr. President, I want to commend the distinguished Senator from Washington (Mr. JACKSON) for his dedication in seeking solutions of the oil crisis which we have in this country and throughout the world.

In the field of obtaining a reduction in the confiscatory price of propane, the Senator has distinguished himself through his dedicated efforts. I would like to ask for his construction of certain provisions of the report dealing with propane.

Between the summer of 1973 and January 1974, the average price of crude oil, both domestic and imported, increased about 10 cents per gallon. Because two-thirds of our propane supplies come from domestic lease condensate and natural gas liquids, the average price increase for propane raw materials increased only 7.2 cents per gallon. Yet

propane itself has increased at retail by 350 to 400 percent.

If the raw materials price increase were allocated on a dollar-for-dollar basis to the retail price of propane, that price would now average around 24 cents per gallon in contrast to actual prices of over 40 cents per gallon.

The legislation before the Senate would, first, roll the price of propane back about 2 cents per gallon, on the basis of the general rollback of raw material prices, and second, by requiring a proportional allocation of raw material price increases on an historical basis, the conference report would reduce retail propane prices by another 11 to 15 cents.

If the legislation were in effect now, the retail price would average 22 or 23 cents, instead of over 40 cents.

Does the Senator from Washington feel that this is the intent and moving of the language of the conference report?

Mr. JACKSON. The Senator from Alabama has indeed stated the intention of the conferees and the effect of the legislation exactly. The increases over prices of 1 year ago for propane would, under this legislation, be reduced to an increase in line with the increases in raw material prices, and it is my understanding that the result would be an average retail price of about 23 to 24 cents per gallon.

Mr. FULBRIGHT. Mr. President, I know that many Senators share my concern over the high price of propane. However, these high prices have a particular significance to me since Arkansas is the largest per capita user of propane in the Nation. As I have stated before, for many Arkansans the price of propane is not stretching their budgets, it is busting them. Many rural Arkansans living on fixed incomes are, in spite of conservation efforts, facing monthly propane bills of $80, $90, and even $100. A citizen living on social security or on a veteran's pension just cannot afford to pay that much.

Furthermore, the propane price situation is having an adverse impact on agricultural production. For example, a conservative estimate of the effect of these price increases indicates an added cost to Arkansas broiler producers of from $7.5 to $11 million.

As the distinguished floor manager is well aware, propane prices have increased much faster than other refined products. While the average refined product has increased 30 to 50 percent in price, propane prices have increased, in many cases, 300 percent in the last 9 months. Does not this act require that the historical relationship between the prices of petroleum products be considered in the allocation of any price reductions that may occur under the rollback established by the act?

Mr. JACKSON. That is correct. Section 110 requires that any reduction in the price of crude oil that would result from this act would be passed through to the consumer on a dollar-for-dollar basis. It is specified that this passthrough be allocated on a proportional basis, "taking into consideration historical price relations among such products." The manager's statement specifies that 1972 should be the base period for determining this historical relationship. It is the intent of the conferees that the relationship between the prices of petroleum products, gasoline, diesel oil, propane, and so forth, be on the basis of that which existed in the comparable period of 1972. The purpose of this provision is to restore the relative price relationships of petroleum products to their historic levels.

Mr. FULBRIGHT. Therefore the result should be that propane prices will be rolled back to the point where they are on a par with the prices of other petroleum products with respect to the percentage increase since May 15, 1973?

Mr. JACKSON. That is precisely the intent of the conferees in the matter.

Mr. FULBRIGHT. So we are, with respect to propane, not talking about a 1-cent or 2-cent reduction in price; we are talking about a large reduction, a reduction of over 50 percent from some current propane prices?

Mr. JACKSON. My colleague is correct. Because, as he knows, the price increases for propane have been so wholly disproportionate, a restoration of historical price relationship, together with a rollback in the price of crude oil, will particularly benefit the propane user. We estimate that a per-gallon price reduction for propane of about 20 cents will result from passage of this act.

This is contrast with actions taken to date by the executive branch. Specifically, on January 30, prompted by congressional action, the FEO for the first time acknowledged the catastrophic propane price situation. At that time, they promised action to reduce propane prices "sharply and promptly." As this morning's Oil Daily describes that action:

> The Federal Energy Office refuses to assign a price floor or ceiling to propane, leaving some question about what it means by stated intentions to reduce propane prices "sharply and promptly."
>
> FEO called in 25 top propane producers last week to explain mandatory propane allocation regulations and a January 30 amendment to the regulations designed to cut prices. The amendment ties the price of propane proportionately to the actual cost of crude oil.
>
> To date, the regulation has caused more confusion than price reductions. But FEO says the regulations should reduce propane prices "promptly and sharply" and advises companies that FEO is prepared to take any further steps that might be necessary to reduce prices promptly.

The only prompt action we can anticipate is that which we in the Congress take today.

Mr. FULBRIGHT. Roughly speaking, what would be the price of propane under section 110 of this act?

Mr. JACKSON. Our estimate for an average national price for propane after the proposed rollback is 23 cents per gallon.

Mr. FULBRIGHT. As the Senator knows, the Federal Energy Office has published in the Federal Register for February 19, 1974, a new ruling on propane prices. I am happy to see this new ruling, although it is too little, too late. However, I certainly believe that we should take this further action on the Senate floor today to insure, by force of law, a lower propane price.

Mr. JACKSON. I, too, am gratified to see indications of some positive action by the FEO. However, I wholeheartedly agree that in the light of past experience, we cannot rely on administrative action to solve this problem. I share the view of my distinguished colleague that we must act here today by agreeing to the conference report to insure that these prices are lowered.

Mr. FULBRIGHT. It is very important that the price of propane be reduced, and that is the major reason why I intend to support the conference report. I must say, however, that I find several provisions in this report troublesome. I am concerned that the Congress is not fulfilling its obligation as a coequal branch of government when we grant such broad powers to the President. Congress should develop more specific programs to deal with the shortage.

In addition, I believe that the rollback provision will have an adverse impact on crude oil production from stripper wells. Furthermore, it will hit the small independents, who are vital to a competitive oil industry, particularly hard.

We must not take the short-run view of our energy shortage. In the long run, the problem can only be solved by providing the adequate incentive needed to encourage greater production of all types of fuels. We cannot afford to discourage stripper production at this time; and, therefore, it is my intention, should the Congress adopt this conference report, to introduce legilsation to exempt stripper wells from price controls.

We have seen the effect of price controls on natural gas. It is my opinion that these controls have, by discouraging natural gas exploration and production, been a major factor in causing the present energy crisis. Let us not make a similar mistake by implementing unrealistic, rigid controls on other fuels.

COMMENDATION OF SENATOR JACKSON'S LEADERSHIP IN THE ENERGY FIELD AND RECOGNITION OF SMALL BUSINESS IN THE EMERGENCY ENERGY ACT

Mr. NUNN. Mr. President, in connection with the final Senate consideration of the Emergency Energy Act (S. 2589), I want to commend the Senator from Washington (Mr. JACKSON) for his outstanding achievement in originating this bill and guiding it into law.

I am pleased also to associate myself with the remarks of the distinguished chairman of the Senate Select Committee on Small Business (Mr. BIBLE) in praising the Senator for his personal efforts in assuring recognition in the bill of our country's 8½ million smaller businesses and 40 million homeowners.

ESSENTIAL ROLE OF SMALL BUSINESS

For the past several months, I have attempted to gain an understanding of the energy problem facing the Nation and particularly new and smaller businessmen. We have learned, as the rest of the Nation has discovered, that energy, and particularly oil, is the foundation of our industry and commerce. A few basic statistics illustrate this:

With 6 percent of the world's population, we consume about one-third of the world's energy;

About 70 percent of U.S. energy is uti-

lized for industry and business-related purposes; and

Small businesses furnish more than one-half of the jobs in our economy and nearly 40 percent of the U.S. gross national product.

Events of the past few months, particularly the strike of independent truckers over fuel matters, has shown dramatically that small businesses operate at vital junctures of the economy. In our interdependent society there are many such ways in which we are dependent on small and independent business firms.

FATE OF SMALL FIRMS DURING SHORTAGES

Historical experience has shown that whenever there are shortages of fuels or materials, the impact of Government regulation falls hardest on smaller business firms. Some reasons for this are the great number of such businesses, the lack of high-powered advocates associated with their smaller size, and their almost infinite diversity. Because of these factors, it is many times more difficult for small business interests to be identified and properly represented before Government agencies in any crisis situation.

AN ATTEMPT TO HELP

In order to cope with problems in the energy area, I began an intensive inquiry last autumn. As part of this investigation. I met with the representatives of 18 small business organizations on November 1. Later, 3 days of public hearings were held on November 27–29, 1973. As a result of these studies, I proposed an amendment No. 659 to S. 2589—Emergency Energy Act—asking that the varied interests of small business be given recognition and that these firms be given fair treatment in the drafting and implementation of the regulations which would form the heart of the country's energy program for actual and impending fuel shortages. This amendment was modeled after section 214 of the Economic Stabilization Act and expressed the policy of Congress that small business be given a voice in the making of the rules that would affect their financial destiny.

AMENDMENT ACCEPTED ON BASIS OF COOPERATION BY SENATOR JACKSON

All of us in this body are aware of the pressures resulting from the Arab oil embargo of mid-December 1973. Profound economic and social issue crowded each other for the attention of Senate and House Members attempting to develop comprehensive legislation to deal with our national energy difficulties.

Nevertheless, through the splendid cooperation of the chairman of the Interior Committee (Mr. JACKSON), amendment No. 659 was approved by the Senate and became section 308(b) of the comprehensive emergency energy bill in December. Appreciated also was the support given this measure by its cosponsors: Senator BIBLE and Senator JAVITS, chairman and ranking minority member of the Select Committee on Small Business; Senators NELSON, MCINTYRE and TAFT.

However, it was very disappointing that the House-Senate conference initially did not approve the Nunn amendment. The problems facing the conferees in their deliberations were, of course, tremendous. In fact, Senator JACKSON's own amendment authorizing loan assistance to homeowners and small businesses wishing to make energy-conserving alterations to their insulation, storm windows and heating equipment—sec. 308 (a)—at one time fell by the wayside.

RECONSIDERATION BY THE CONFERENCE

This conference action was of great concern to me. I strongly urged the conference to reconsider the inclusion of both of these provisions of section 308 in the final bill.

In letters to the Senate and House conference chairmen, I pointed out that the importance of both small business and homeowners to our country. It is well known that almost two-thirds of our people own their own homes. If the long-term objectives of energy conservation legislation are to be successful, there must be some positive incentives as well as penalties to "think conservation" for the great majority of our population.

It was my feeling that even a relatively small loan—at the cost of money to the Federal Government so there would be no loss to the Treasury—could exert widespread influence on our population to make the changes necessary and thereby save scarce fuel and energy.

I can report to this body that it was only because of a determined battle by the Senator from Washington that section 308 was restored to the conference report.

SIGNIFICANCE OF SECTION 308

This action demonstrates, I believe, that Congress is concerned with small businessmen and small homeowners who are struggling to remain solvent in an uphill battle against inflation.

I hope the loans thus authorized will keep some small business firms in business and allow others to grow and give better services to consumers. I hope these loans help homeowners save money and give some timely assistance to the faltering home building and restoration industries. Beyond this, I sincerely hope that this declaration of policy will have direct and immediate consequences upon administrative regulations on fuels.

RELATIONSHIP TO REGULATIONS

Several small business organizations, including the National Federation of Independent Business, have pointed out to my subcommittee that the regulations of January 11 on motor gasoline, middle distillates, and residual fuel oil do not treat smaller business equitably.

Many thousands of small entrepreneurs depend on their vehicles for their livelihoods. Yet, under the January 11 regulations it appears that they are forced to line up at the gas pumps with Sunday pleasure drivers with no assurance that they will receive fuel for their vehicles.

The regulations make no provision for service station owners to reserve fuels—even for their long-term customers whose customers, employees and owners may experience severe discomfort or deprivation because of the lack of fuel.

Essentially, these regulations provide that large bulk purchasers of fuels—that is, 84,000 gallons a year or 233 gallons per day—receive 100 percent of 1972 supplies before smaller businesses can receive 90 percent. This to me is unfair and should be remedied without delay. This was part of my presentation to the conference committee, and I hope that it will be taken into account as legislative history in the course of implementation of allocation, conservation and, if necessary, rationing programs.

It is my feeling that section 308 of this legislation has pointed the way and that the regulations should follow suit. My subcommittee will be watching this situation closely to see whether the Federal Energy Office is responsive to the will of Congress in this regard.

HISTORY OF CONGRESSIONAL CONCERN FOR ENERGY MATTERS—LEADERSHIP OF THE SENATOR FROM WASHINGTON

I would like to say a further word about the pioneering work of Senator JACKSON in the energy area. As chairman of the Senate Interior Committee, in February of 1971 Senator JACKSON joined with the chairman of the Public Works Committee (Mr. RANDOLPH) as principal proponents of Senate Resolution 45 to authorize a national fuels and energy policy study by three committees of the Senate. This resolution was cosponsored by 50 Senators and also approved on May 3, 1971.

Thereafter, study under the personal leadership of the Senator from Washington has produced 29 sets of hearings and 40 committee reports or prints on various aspects of our energy problems. This is undoubtedly the most comprehensive compilation of information and comment on U.S. energy problems ever assembled. (See publications list of the National Fuels and Energy Policy Study, December 1973.)

Along the way, in June 1972, the Senator from Washington set forth in the letter to the President his conclusion that there should be an "indepth study and assessment of national security, foreign policy, and domestic energy policy implications of our growing dependence on imported crude oil and petroleum products from the Middle East and elsewhere."

Thus, Senator JACKSON was, in 1971 and 1972, calling for help from the branch of the U.S. Government having the responsibilities in the energy field and the manpower and budget which would have enabled them to carry out these responsibilities.

If, in response to these Senate requests, such a comprehensive study had been launched by the executive branch in mid-1971 or mid-1972 or in mid-1973, the Nation and the small business community would be in a much better position to deal with energy shortages in 1974.

Accordingly, I wish to express again my sincere appreciation for the outstanding leadership and legislative craftsmanship of the Senator from Washington as to energy in general, and as to the Emergency Energy Act—S. 2589—and its small business and homeowner sections in particular.

Mr. ABOUREZK. Mr. President, on February 6, 1974, a House and Senate conference committee referred their second report on the Emergency Energy Act to both the House and Senate. Today the Senate must consider whether or not to

accept the provisions contained in the conference report.

Section 110 entitled "Prohibition on Inequitable Prices" is being touted as a crude oil price rollback provision. Yet, if one carefully examines the wording of the section and the recent history of the administration's price increases, one quickly notices that this section not only does not roll back the price of crude oil, but makes legitimate the totally unjustified and excessive price increases of the last 9 months. Thus, if the Senate votes its approval of the conference report, it will go on record approving the major oil companies' price gouging of the American people.

To clearly understand what, in fact, section 110 of the conference report will do, the following facts must be noted. The section sets a ceiling price on all domestic crude oil of $5.25 a barrel. In addition, according to paragraph (5) (A):

> The President may . . . amend the regulation . . . to specify a different price for domestic crude oil, residual fuel oil, or refined petroleum products, or a different manner for determining the price . . . if he finds that such different manner for determining such price is necessary . . .

Paragraph (5) (C) states that—

> No price for domestic crude oil or any classification thereof . . . shall exceed the ceiling price by more than 35 percent.

Therefore, paragraph (5) (C) would give the President discretion to raise the ceiling on all domestically produced crude oil to $7.09 per barrel.

What does all this mean? First of all we must realize that the United States produced 3.2 billion barrels of crude oil in 1973. Of this amount currently one-third is considered so-called new oil and two-thirds comes under the heading of "old oil." Currently, "old oil" prices are frozen at $5.25 a barrel. "New oil" is uncontrolled and is fetching prices between $10 and $11 a barrel. Therefore, if we use the figure of 1 billion barrels of "new oil" selling at an average of $10.50 a barrel we arrive at a cost of $10.5 billion. Then, if we take "old oil" oil of roughly 2 billion barrels at $5.25 a barrel, we get a cost of $10.5 billion for a total of $21 billion for 1 year's production of domestic oil at current price levels.

Now, how would the Energy Emergency Act conference report roll back these prices? The report would eliminate the two-tiered pricing system and set a ceiling price for all domestic oil at $5.25 a barrel. Furthermore, it would allow the President at his discretion to raise the price to $7.09 a barrel. Assuming that President Nixon will continue to look upon the oil industry in the same way a doting father looks upon his one and only son, the public can expect that President Nixon will quickly take advantage of the 35-percent increase provision and allow the oil companies their $7.09 per barrel price. At the production level of 3 billion barrels this $7.09 per barrel price will amount to a cost of $21 billion—the same amount we are currently paying.

In short, the Senate would make legitimate a $10 billion transfer of earnings from the pockets of consumers into the bank accounts of the major oil companies. This is the $10 billion that the Nixon administration has allowed the major oil companies since it began increasing prices on May 15. On May 15, 1973, the average price of a barrel of domestically produced crude oil stood at roughly $3.62. Multiplied times production of 3 billion barrels the price tag equaled roughly $11 billion.

According to the Federal Trade Commission July 1973, investigation of the petroleum industry the top 20 major oil companies in 1970 controlled over 93 percent of domestic proven oil reserves. Also in 1970, 20 companies—16 of which are the same—controlled over 87 percent of domestic crude oil and gasoline refining capacity. Many of these same companies, according to the November 1973, report of the Senate Permanent Investigations Subcommittee, were the ones primarily responsible for restricting output in 1972 and 1973 and directly causing both fuel oil and gasoline shortages. That the current fuel shortages have been caused by a shortage of crude oil in the world and the Arab embargo. The oil companies and the Nixon administration would have this Congress and the public believe not so. The fuel shortages have been caused by the deliberate and joint actions of the major oil companies and the Nixon administration. By voting in favor of the conference report the Senate would capitulate to the power of the oil oligopoly and force the American people to give in to the biggest holdup in history.

The conference report assumes that the fuel shortages and so-called "energy crisis" is real. As far as I am concerned and as far as many of my constituents are concerned the fuel shortages have been skillfully contrived and the so-called energy crisis is nothing but a hoax. It is a hoax designed to fleece the American people—to increase oil company profits; to achieve their legislative objectives; to eliminate competition at every level; to raise prices; to forestall environmental safeguards; and to grant to the executive branch of Government unlimited dictatorial power.

The conference committee report stated clearly that the executive branch will be given "a full spectrum of extraordinary powers to cope with the—emergency—situation—as defined by President Nixon on November 8, 1973, when he 'addressed the Nation on the dimensions of the energy crisis.'" The conferees expect that once these "extraordinary powers" have been granted to the President, that he "will use them forthwith, and take strong action to reduce demand for energy during this period of national energy shortages * * *"—43-45. The Congress was also told that the President would fully cooperate with the Special Watergate Prosecutor. As far as I am concerned investing President Nixon with "extraordinary powers" at a time when only 28 percent of the American people have any confidence in his administration would not only be unwise, but disastrous for the economic and political health of the country.

The report urges the granting of "extraordinary powers" to the executive branch on the basis of the as yet unproven premise that the shortages, the crisis, faced by the people of this country are real, rather than the result of carefully designed and coordinated actions taken by the Nation's major petroleum companies with the approval and assistance of the Nixon administration.

The Senate will, by voting its approval of the conference report on the Energy Emergency Act, grant legitimacy to the as yet unproven assumption that the fuel shortages are real. At the present time this action is both precipitous and uncalled for. The President already has broad powers to allocate and set the price for petroleum and petroleum products. And as for the other provisions of the Energy Emergency Act, such as unemployment assistance, these should be passed on their own.

I would like, with the Senate's indulgence, to briefly suggest why I believe the current shortages and the so-called energy crisis are part of a hoax, a scheme to blackmail the American people by making them believe there is a shortage when there is none. I spent the past week in South Dakota. Some gas stations there were open 24 hours a day. There were no lines. The average price for a gallon of regular gasoline was approximately 46 cents. Yet, in the major cities, in Washington, in New York, in Chicago, in Boston, in Los Angeles, in Miami, in Philadelphia—people are forced to wait in long lines. It is in these cities, the major U.S. markets where there is a large amount of press and media coverage, that people are being conditioned to shortages. In addition, the President has called for reduced speed limits, lowering of temperatures, and a switch to daylight saving time. All of these things are nothing but psychological methods to convince a confused and disbelieving population of the so-called reality of the shortages.

The major oil companies have been spending millions of dollars in advertising to psychologically persuade us that the shortages are real. I am convinced that the heads of the major oil companies and key administration officials arrived at similar conclusions regarding the effect fuel shortages would have on the country. These men reasoned that most Americans, given the fact that they are used to a certain lifestyle extremely dependent on energy consumption, would be more willing to pay higher prices if they were forced to suffer the consequences of shortages, lines, rationing, and so forth. In short, the way to get higher prices was to first condition people to the so-called reality of the shortages. Once the people were forced into a choice of the lesser of two evils, these oil company executives and their administration friends reasoned that people would be forced to accept higher prices for their fuels, rather than put up with continued shortages of gasoline, heating oil, propane, and so forth.

A recent example of how a major oil company helped contrive a heating oil shortage in New York City may underline the reasons I believe the Senate must not give its approval to the conference report.

On January 13, 1974, the Washington Post reported that a subsidiary of the Shell Oil Co. had been selling heating oil in Metropolitan New York "at prices 3 times what it had paid to import it." The Shell subsidiary paid an estimated 16.5 cents a gallon for the oil which it bought last summer and sold the oil beginning in November at prices ranging from 47.5 cents a gallon to 55 cents a gallon.

On February 4, 1974, the New York Times reported that a Shell spokesman explained that the reason why there was a gasoline shortage in the Northeast was due to "the fact that we have stored a large amount of fuel oil in the Northeast, so that people will not suffer from the cold, and the fact that the demand for gas has risen too fast."

On February 7, 1974, the New York Times reported that the New York attorney general filed a complaint against the Shell Oil Co. for "diverting and holding secretly in storage home heating oil meant for New York homeowners. At the same time according to the complaint, Shell "was telling its New York customers that it could not meet their requirements, because it did not have enough oil." The complaint further charged that under an arrangement involving four Shell subsidiaries, 1 million barrels of No. 2 heating oil were kept under customs bond in New Jersey, not "officially" imported, and were not sold until last November—"after the imposition of the Arab oil embargo at exorbitant prices."

Attorney General Louis Lefkowitz called the complaint "the first in the United States where we have uncovered what we charge to be a contrived fuel shortage." Shell Oil Co. does not deny the charge; it merely says nothing illegal was done.

Another interesting feature of this action is the fact that the fuel oil was never reported to the American Petroleum Institute. It is the API upon which William Simon's Federal Energy Office depends for much of its statistical data. It is this data used by both the FEO and the major oil companies which has tended to support the oil industry's and the administration's contentions that there are major shortages of all kinds of fuel.

While there is no shortage of oil company advertising and administration rhetoric defending excess profits and high prices, there is an enormous shortage of truth. For example, in January, the Bureau of Mines revealed that the oil industry had near-record stockpiles of all petroleum products. From January to October 1973—the last complete recording period—supplies of oil products totaled 4.8 million barrels while demand reached 4.7 billion barrels. Moreover, the American Petroleum Institute showed that oil imports from October to December increased by 30 percent over last year. In fact, according to the API's figures home heating oil stocks were 203.5 million barrels at the yearend—up 28 percent over 1972. Gasoline stocks were also holding at over 200 million barrels.

While the above figures are surely conservative, they are also unaudited. The Federal Energy Office has the power of subpena which it could use to demand information on oil company reserves, production, and inventories. But the FEO has refused to use this power, and so the Government and the public are without reliable information. Energy information has been and continues to be a well-kept secret of the oil companies. Executives of supposedly competing companies are well-acquainted with information about each other's operations due to their numerous joint ventures and mutual interests. The Senate today is being asked to grant price increases to the major oil companies and extraordinary power to the President without the benefit of reliable and accurate information on energy reserves, costs, production, supplies, et cetera. To make these decisions without reliable data would demonstrate to the American people how easily the Senate is influenced by the economic and political power of the major oil companies and the Nixon administration.

In discussing this bill on the floor Monday, I commented that many people of my State are now at the point where they have to choose between spending money on food or on fuel. They cannot afford both. Food costs rose by more than 20 percent in 1973. Unless there is a real rollback in petroleum products, the American family, I am convinced, will face in 1974 another increase in their weekly food bill of at least that amount, and possibly even more.

A bushel of wheat is not grown in a week. A steer is not brought to the market in a month. The basic food products that we are now consuming on the market were produced, processed, and transported when energy costs for all food production and marketing processes were something like half of what they are now.

The increase in prices for petroleum products that the administration has already allowed has yet to be reflected in the cost of groceries at the supermarkets.

Those new increases, that we have allowed to occur since December 1 of last year, will not be a part of the food bill until next fall or until 1975.

And I predict further that there are going to be some awfully angry families when this spiral deals its new blows this year and next.

One does not have to have a doctorate in economics to make these predictions.

The USDA has estimated that the value of all farm products sold to U.S. consumers in 1973 at $51 billion and the costs to transport, process, and sell these products is estimated at $83 billion.

The USDA also reported, in its Economic Research Service report, Farm Income Situation, July 1973, that fertilizer costs $2.5 billion; fuel and oil costs $1.78 billion; and electricity $182 million—for a total cost of fuel and fuel related products of $4,489 million.

Any farmer can tell you that these costs, with the exception of electricity, have doubled and in some cases trebled since this report was published.

Thus, there is at the very least an additional $5 billion in increased costs that will be a part of the food we produce in 1974 and the cattle that came to market in 1975.

But there is more to it than that. Let us take cattle, as an example. The Agriculture Department reports that, as of July 1973 the cost of feed for producing livestock was $8.9 billion.

The effect of higher feed costs, from crops produced in 1974, will thus not be felt in the meat prices until 1975—but those increases are certain to occur without a real rollback.

Similarly, the added costs of processing, transporting, and marketing food because of the increases in all petroleum products are yet to be felt on the market.

What will all of this mean? It means a continued spiral, at least 20 percent in the cost of food in 1974 and more in 1975.

EFFECT OF SO-CALLED ROLLBACK PROVISION

Section 110 of the Energy Emergency Act conference report is called a price rollback provision. However, the extremely likely result of the language contained in section 110 will be either a freeze of prices at the existing high levels or a slight increase.

Section 110 of the conference report presently calls for all crude oil prices, old and new, to have a top limit of $5.25 per barrel with a 35-percent increase to $7.09 per barrel at the option of the President.

Under present prices old crude oil under price controls is limited to an average of $5.25 per barrel, and new crude oil and small stripper wells are uncontrolled and presently average $10.25 per barrel. Presently one-third of our domestic production is selling at an average of $10.35 per barrel and two-thirds is domestically produced "old" crude oil at an average of $5.25 per barrel.

Using our present daily domestic production, the fact that this is not a price rollback can be demonstrated as follows:

Under present prices:
New and stripper well oil—domestic:
3.5 million bbls/day × $10.35, $36.2 million.
7,7 million bbls/day × $5.25, $40.4 million.
Total Daily Cost to Consumer, $76.6 million.

Under so-called "rollback" section 110 of conference report:
All crude oil—domestic:
11.2 million bbls/day × $5.25, $58.8 million.
11.2 million bbls/day × $7.09, $78.1 million.

If the President decides to leave crude oil prices at $5.25 per barrel, there would be a saving of $17.8 million per day; however, given the present momentum of administration-allowed price increases, the top price of $7.09 per barrel will most likely be in effect before the end of a 3-month period. If we are to effect a real rollback, section 110 should be deleted from the conference report and a separate provision acted upon immediately to give American consumers fuel price relief as soon as possible.

Mr. McGEE. Mr. President, it is with great reluctance that I announce today my intention to vote in favor of the motion to recommit S. 2589, the Emergency Energy Act.

On January 29, I also with the same reservation voted to recommit this bill for the reason that the conferees had included in the bill a windfall profits tax section, which, most experts agreed, was disastrous and virtually unadministrable.

Today my negative vote is based solely upon my opposition to the so-called crude oil price rollback provision.

Were it not for the rollback provision, S. 2589 would have my complete support

with little reservation. Many of the provisions contained in this bill are vitally necessary if we are going to overcome the problems of the energy crisis. I support, without any reservation whatsoever, the effort to broaden the unemployment compensation coverage for persons put out of work, because of the shortage of energy, the low-interest loans to homeowners and small businesses for the installation of energy saving devices, the improved Clean Air Protection Standards, the energy conservation plans, grants to States, and the many other constructive provisions in this legislation.

I consider, however, the crude oil price rollback provision to be counterproductive. I am convinced that it will serve as a deterrent to increased exploration and discovery of new crude oil and other new sources of energy.

Energy is important to us as a nation. With only 6 percent of the world's population, we are consuming one-third of its total energy. About one-third of the oil which we are now consuming comes from imports. The price of the foreign crude oil has increased dramatically and now averages about $10 a barrel. The remaining two-thirds of our oil consumption comes from domestic production. Currently 75 percent of our domestic production is controlled at $5.25 per barrel. The remaining 25 percent is uncontrolled, as a result of both congressional action and Executive order. The average price of uncontrolled, domestic crude oil, which includes new and stripper production, is $9.51 per barrel. This new crude and stripper well crude accounts for only 15 percent of our total supply, including both domestic and foreign oil.

The rollback provision in S. 2589 applies only to this new domestic crude and the stripper or marginal well crude. It is estimated that such a rollback only could result in temporary savings to consumers of about 1 cent per gallon on all oil products. On the other hand, it would result in diminished incentives for domestic exploration and production, both from new reserves and from stripper wells which have heretofore been economically unfeasible to produce.

The increased prices allowed by the Government for "new oil" have brought forth an increase in the activities related to domestic petroleum exploration. Since January of 1973, this activity has increased by 12 percent. There is also some evidence that as a result of this exploration the domestic supplies available are being increased, although there is naturally a time lag between exploration and actual production.

Of particular concern to me is that the proposed price rollback will hurt the independent producer to a far greater degree than it will affect the major oil companies. This is true because the independents drill 80 percent of exploratory wells in this country, and it is estimated that they operate about 80 percent of the stripper wells. This is a fact in my State of Wyoming, which, as you know, is a major oil-producing State. A rollback would, I am certain, not only result in reduced production in Wyoming but would also have a negative impact on employment in our No. 1 industry. Furthermore, unless we encourage new production domestically, we will find an increasing dependency on higher priced foreign oil followed by higher prices for oil products to the consumers.

Mr. President, it is for these reasons that I am opposed to the rollback provisions contained in this bill and also why I am compelled to vote for the motion to recommit S. 2589 to the conference committee. I remain hopeful that the conferees will agree to eliminate the rollback provision and report the bill back to the Senate so that we will have an opportunity to vote upon final passage of the bill and the important emergency energy measures which it contains.

Mr. President, I want to make it clear that I stand vigorously opposed to exorbitant energy prices to the consumer, such as those we have experienced in the past year with regard to propane. I also stand opposed to excessive windfall profits for those companies in the energy business. It is my understanding that the Senate Finance Committee is considering legislation which will prevent such windfall profits, but will, at the same time, contain built-in incentives for increased investments for exploration and production of new energy reserves. In my opinion, this is the approach which we should be taking rather than the one we are considering here today.

Mr. HANSEN. Mr. President, I note that this measure like so many others that affect mining is subject to provisions of the Administrative Procedure Act. Recently we had the surface mining bill with provision for determinations to be made by following the provisions of the Administrative Procedure Act. Other mining laws now administered by the Department of the Interior have similar requirements. Too many owners or operators who are affected by this provision are not just sure what it means. They wonder if in having their rights determined in this manner they are being denied their day in court.

I see my friend the distinguished Senator from Nebraska, the ranking member on the Senate Judiciary Committee and former chairman of the Subcommittee on Administrative Practice and Procedure, here and I direct my question to him. What do these provisions regarding determinations under the Administrative Procedure Act mean for an owner or operator who may find himself in disagreement with the officials of the agency in charge of carrying out an act or determining his rights?

Mr. HRUSKA. I thank my colleague. Basically, the reference to the Administrative Procedure Act in a bill was put in there as a protection to the property owners or operators against the possibility of overzealous administrative action. Any conflict arising out of the administration of an act would have to be handled through proceedings of administrative tribunals under the Department of the Interior if that is the agency charged with enforcement. Before any citizen could be deprived of any substantial right, he would be given due notice of the charge brought by the enforcing agency and given a hearing in an administrative court.

Mr. HANSEN. Administrative trial is meaningless to an owner or operator. He thinks he is being denied his day in court. The judge is an employee of the agency. If he is bold enough to make a decision favorable to an owner or operator, he can be, and usually is, reversed by higher administrative authority. The lawyer who handles the case for the complaining agency is often an assistant to the lawyer for the appellate administrative agency to whom the Secretary delegates the final decision. The administrative court system has aroused a great deal of resentment among persons affected by displaying more interest in carrying out administrative policy dictated by department heads than they show for the rights of citizens.

What protection does a citizen have if the administrative court hands him an unfair decision, How does he really get his day in court, as we know it, if he ever does?

Mr. HRUSKA. If an owner or operator is dissatisfied with the way the administrative tribunals have handled the case brought against him, and if he is not economically exhausted by the fight on the administrative levels, he can obtain judicial review of the final administrative decision in the Federal courts. The U.S. District Courts are given jurisdiction to review and to set aside agency action, findings, and conclusions found to be arbitrary, capricious, an abuse of discretion, otherwise not in accordance with law, contrary to constitutional right, or not supported by substantial evidence, or unwarranted by the facts. That is the substance of title 5, United States Code, section 706, in the Administrative Procedure Act.

Mr. HANSEN. I realize that Congress intended to protect the rights of citizens by the Administrative Procedure Act, but as a practical matter do the courts make a meaningful judicial review of administrative actions and decisions? What about the complaints we get that the Federal judges are unduly influenced by the decisions of the administrative courts and hesitate to reverse bureaucratic action? Particularly, the courts' track record in mining cases to date has shaken the citizen's faith in the courts. They feel that the judges never fully review the record, never attempt to determine if there is proof to substantiate the administrative findings and decisions, rather that they take the easy way out by saying that there was evidence, without giving it weight, to uphold the agency finding. Judicial review is a farce if the courts are going to put a rubber stamp of approval on whatever decision Interior has made. We hear as I have said all too often that the Federal judges are so impressed by Interior's claim of having expertise in matters connected with the public lands and with mining that the judges adopt the administrative conclusions and affirm the administrative decisions without really reviewing the record in the case, so long as Interior's attorneys can point to some evidence to support the decision brought in for review.

Mr. HRUSKA. The courts remain the only protection for a citizen's constitutional rights which our governmental framework offers. It may help somewhat

if we go on record here as to what Congress intended to accomplish by writing into the Administrative Procedure Act the provision for judicial review of administrative action. The courts should not be rubberstamps; it is their duty to protect the citizens against bureaucratic injustice. Congress intended that the courts should review administrative decisions critically. If the decision below was wrong, if it was contrary to the evidence in the record, the court should reverse. Reverence for Interior's expertise and policy should not cause the court to wield any rubberstamp of approval for such a decision. And the same principle applies to review of administrative decisions from other departments.

The way the Administrative Procedure Act is meant to be carried out, the administrative law judges are expected to make specific findings as to the evidentiary facts in each case they hear and to frame their ultimate conclusions accordingly. If the case is brought up for judicial review, the reviewing court is not intended to dispose of the case merely by looking for some evidence in the record to support the decision below. The reviewing court should consider whether or not each of the rulings on evidentiary fact is supported by substantial evidence. The courts should not adopt uncritically findings of ultimate fact made below simply because they are labeled "findings," when they are really conclusions.

The reason why it is essential for the judge who hears the evidence to make specific findings of evidentiary fact was pointed out in Saginaw Broadcasting Co. against the Federal Communications Commission. Judge Stephens came right out with the statement that—

> The requirement of findings is far from a technicality. On the contrary, it is to insure against Star Chamber methods, to make certain that justice shall be administered to facts and law. This is fully as important in respect of commissions as it is in respect of courts.

When the trial judge bases his conclusions upon specific evidentiary findings, these furnish to a reviewing court the foundation upon which to base an intelligent review of the decision. And the reviewing court should not shrink from the sometimes laborious task of examining the record to evaluate the findings made below. The Administrative Procedure Act, section 706 of title 5 of the United States Code, makes it the duty of the reviewing court to review the whole record, or such portions thereof as may be cited by any party, and to take due account of the rule of prejudicial error.

If the reviewing court will take the trouble to make the critical examination of the administrative record which Congress intended when writing the Administrative Procedure Act, the court should be able to detect instances where bureaucratic policy has been allowed to override the facts which support the citizen's rights. Citizens must look to the courts to protect their constitutional rights and give them meaning. Unless the courts will stand out against instances of bureaucratic injustice, the Constitution becomes only a scrap of paper.

Mr. HANSEN. I thank my colleague. This will be most reassuring to those who have expressed concern over administrative tribunals and the courts.

Mr. HRUSKA. Our form of government must necessarily make use of administrative agencies, and the course of history has shown many times and in many countries that the inevitable tendency of agencies is to reach out for increasing power, to expand the scope of their authority and the number of their personnel until what President Franklin Roosevelt called the fourth branch of government becomes truly a bureaucracy. And, more recently the Senator from Arizona, Senator GOLDWATER, expressed similar concern about the bureaucracies. Power alters the perspective of the persons who wield it, and particularly where agencies administer large areas of public resources, there is a tendency to create and enlarge a Federal empire which is inside the 50 States, but really independent of them.

The temptation to consolidate that empire by dispossessing citizens of property rights lawfully acquired under acts of Congress is a strong one. To a zealous bureaucrat the project may look a righteous crusade, while the citizen screams "Confiscation." The task of preserving our kind of country, one where a citizen's constitutional rights are a reality, so that it will not turn into a bureaucracy where those rights have no meaning, calls for the courts to check and correct administrative abuse of power.

Mr. HANSEN. I thank my distinguished colleague for making this record. It will help greatly to alleviate the fears that have been expressed to me by owners and operators.

Mr. NELSON. Mr. President, when the Senate voted 3 weeks ago today to send the conference report on S. 2589, the Energy Emergency Act, back to conference it recognized that the report contained many good provisions that should be retained while several other sections merited further consideration. The conferees have made several modifications while retaining the best sections of the original language. The unconstitutional and surely workable so-called windfall profits tax, which in fact was not a tax at all, has been replaced with a consumer aiding price rollback provision affecting all petroleum products and propane. The unemployment compensation and employment impact section has been considerably and properly expanded. And finally, the language dealing with the conversion of facilities from natural gas and fuel oil to coal has been clarified and tightened.

By retaining the best provisions of the original language and amending and refining these three sections, the conferees have come back with a substantially improved piece of legislation. Consequently, I will vote for the conference report.

Each of thse three revisions deserves additional attention. First, the windfall profits section insured individual Americans only years of fruitless litigation, while the price rollback will save American consumers $20 million a day or $7,300 million a year by reducing fuel prices. This provision would make all crude oil produced in the United States subject to price controls, and put it all under an initial ceiling of $5.25 a barrel. The President could then allow the price of some kinds of crude to rise as high as $7.09 a barrel, but no higher. This rollback which is a far better consumer protection concept will reduce the average price of gasoline about 4 cents a gallon. In addition, an Interior Committee energy expert estimates that the price rollback will cut the consumer's propane fuel bill in half.

Recent price increases for propane, gasoline, home heating oil, and diesel fuel have added unconscionable profits to the oil industry while delivering a crippling blow to the average American. The Federal Energy Office estimates that every dollar cost increase for a barrel of crude translates into a 2.5-cent increase in a gallon of gasoline or heating oil. From January to October 1973, percent changes in the wholesale price index included increases of 79.6 percent for fuel oil, 53.8 percent for gasoline, 22.7 percent for crude products, and 55.8 percent for all refined petroleum products. By December, fuel price increases accounted for 40 percent of the increase in the Wholesale Price Index.

The rollback provision does not go as far as I would like but it is the most we could get and not force a Presidential veto. The price rollback provision provides essential interim protection against unprecedented price gouging of the public until longer term pricing policies can be developed.

Second, the conferees have examined the questions I raised in a colloquy with the distinguished and able chairman of the Public Works Subcommittee on Air and Water Pollution (Mr. MUSKIE) concerning the length of time available to a converted facility to achieve compliance with ambient air quality standards.

We are in a shortage situation and we will continue to remain in one for the foreseeable future. We must be concerned with drafting a system that will allow variances from air pollution standards when it is conclusively demonstrated that the low sulfur fuels and/or natural gas does not exist in sufficient supplies. We must insure that there is a national allocation program for our limited low-sulfur supplies in order to minimize to the greatest practicable extent the adverse environmental and health effects associated from high sulfur emissions. And at the very least we must insure that the plants that are permitted or that will be ordered to convert to coal will install as quickly as possible continuous emission control systems and revise their compliance timetable in order to fully meet the standards established by the Clean Air Act.

The sections of the conference report dealing with industrial plant conversion from fuel oil and natural gas to coal and the necessity to suspend air pollution standards have been tightened. The new language clearly recognizes that coal converters who choose to comply with the provisions of the Clean Air Act by using

low sulfur coal must comply with emission limitations as soon as an adequate supply of coal with the proper sulfur content is secured. The Administrator is required to mandate the use of complying coal as soon as sufficient supplies become available.

The revised language mandates plants that have converted to coal be required to use continuous emission reduction systems to achieve required air pollution levels as soon as possible. The conference report now contains language establishing January 1, 1979, as the latest possible date to achieve compliance. The Administrator of the Environmental Protection Agency—EPA—would be able to move that date up, and the use of this provision now places the burden of proof on the industry to demonstrate that low sulfur coal is not available before a suspension may be granted.

The second significant improvement concerns those plants that voluntarily wish to convert to coal in order to conserve petroleum. A suspension from compliance will only be granted after the plants conclusively demonstrate intent to convert for at least 3 years. A single alternative bid for coal is not sufficient criteria to warrant a suspension from compliance. Other steps will be necessary, such as applying through proper channels for an air pollution variance, obtaining a firm contract for supplies of low sulfur coal, or of making a substantial investment in conversion equipment in order to receive any delay.

The Administrator of the EPA would be prohibited from approving an extension if these efforts could not be demonstrated to his satisfaction. I believe Mr. Russell Train, Administrator of the EPA, recognizes the complexities of the situation we are attempting to rectify and will sternly but fairly make those determinations.

The Administrator of the Federal Energy Office along with the Administrator of the EPA would make a plant-by-plant analysis of the environmental and health implications before allowing conversion and preventing a suspension. The EPA would be expected to deny such extensions where there is a potential for endangerment to the public's health.

I believe this compromise will allow the granting of the short-term variances to meet the needs of the energy crisis while moving us, a little more slowly than perhaps I would like but moving nevertheless, toward the goals established in the Clean Air Act.

Finally, the conferees have taken a positive first step in providing and expanding coverage for the tens of thousands of people who have either been laid off or have lost their jobs, because of the energy crisis.

Unemployment related to shortages of energy and other natural resources must also be one of our major concerns in the months ahead. The national unemployment rate for the months of January rose four/tenths of 1 percent to 5.2 percent, for the largest single month gain in 4 years. Some 600,000 workers have lost their jobs in this country since October, and no one believes the end is yet in sight.

Section 116 of the conference report now represents a valid attempt to solve part of this massive unemployment problem. It has been much improved since the Senate voted to recommit the bill to conference, and it now allows a wider flexibility on the part of Federal and State officials to define energy-related unemployment.

There is no expectation on our part, of course, that this provision will solve all the unemployment problems that will arise in the next few months—or even that it will solve all the problems that can be solved by unemployment compensation alone. As a member of the Finance Committee and chairman of the Subcommittee on Employment, Poverty, and Migratory Labor of the Labor and Public Welfare Committee, I will be taking a long, hard look at additional proposals to strengthen our arsenal of weapons in the war against unemployment. In that regard, and as a necessary complement to section 116 of this bill, I eagerly anticipate rapid consideration of the proposals being made to strengthen our entire unemployment compensation program—including the administration's proposal to augment all existing benefits in areas of high unemployment by $1 billion between now and June 1975, and to bring under the unemployment compensation program for the first time some of the many millions of unemployed workers who have thus far been ineligible for such benefits. In addition, I expect quick action on meaningful appropriations for public service employment under the recently enacted Comprehensive Employment and Training Act; on adequate funding for job training and retraining programs for those who need them; and on careful consideration of new proposals for solutions to both short- and long-term unemployment problems related to present and future shortages of natural resources. I might note here that my Employment Subcommittee is holding hearings on these and related topics in the very near future.

Mr. MONDALE. Mr. President, I rise in support of the conference report to S. 2589, the National Energy Emergency Act of 1973.

Recently, when the Senate first considered this conference report, I supported the motion of the distinguished Senator from Wisconsin (Mr. NELSON) to recommit the bill to conference.

During the debate on the conference report I stated:

> The gut issue which affects every American working family is the incredible increases in the price of crude oil and petroleum products to which we have been subjected in recent months . . . Americans are being slowly bled to death by rising prices, and rising oil prices are the most dramatic and most important source of this cruel inflation. The real issue is price. I therefore believe that we should focus attention as quickly as we possibly can to legislation which attacks the real problem of price.

I believed then and I believe now that there is no question as to the need for an immediate freeze and rollback in domestic crude oil and refined petroleum product prices. Since the beginning of 1973, the price of "old"—price controlled—crude petroleum has risen from about $3.50 per barrel to $5.25 per barrel. Included in this increase was an increase of $1 per barrel, allowed by the Cost of Living Council on December 19, 1973, which resulted in an increase of revenue to the oil companies of $3 billion per year without any promise of increased domestic production.

In the same time period, the price of "new"—decontrolled—domestic crude oil has more than tripled, to a current level of about $10 per barrel.

I am gratified that the conferees have now grappled with the central issue of price. And I am particularly gratified that the conference report which we now have before us recognizes the need for a price rollback to a definite price level as the most efficient and most equitable means to relieve pressure on American consumers, while still affording the oil industry the incentive it needs to develop new domestic oil resources.

The effects of higher oil prices are already being felt in the sharply higher unemployment figures recently reported by the Bureau of Labor Statistics, with January recording the largest jump for a single month in 4 years.

This should not be surprising. In the past 3 months alone—since the beginning of the Arab oil embargo—higher oil prices have taken up to $20 billion annually out of the American economy and much of that increase has gone into oil company coffers.

Part of this increase, of course, has been the result of foreign oil price rises, over which we have little control.

But we should not forget that the administration has allowed prices on domestically produced crude oil and refined products to rise by an estimated $7 to $10 billion annually. And these increases have played an important and devastating role in forcing an economic downturn in this country, by taking purchasing power out of the hands of the American consuming public.

On January 24, I presented a resolution to the Democratic conference and introduced legislation calling for a price rollback on domestically produced crude oil and petroleum products to the levels prevailing on November 1, 1973. At these levels, the average price of domestic crude oil was approximately $4.75 per barrel, above the estimates which many in the industry have given on the price levels needed to stimulate domestic exploration and production.

It is clear that many within the industry as recently as last summer felt that movements in the price of "new" domestic crude oil to the area of $5.50 per barrel would be strong incentives to increase the level of domestic exploration and production. By early November, these price levels have been reached, and the trade press within the oil industry was reflecting a good deal of satisfaction with the prices then in existence.

For example, on October 24, 1973—when the price of old crude was $4.25 per barrel and the price of new crude was about $5.50—John Swearingen, chairman of the Standard Oil Co. of Indiana, stated:

> Recent increases in the prices of domestic

crude oil and natural gas have provided additional incentives and additional funds for intensified exploration for new supplies of oil and gas. Our company has embarked upon the most extensive exploration and development program in its history with particular emphasis on the U.S.

The Petroleum Independent, the magazine published by the Independent Petroleum Association of America, in its November 1973 issue quoted a Houston producer-geologist as saying:

There's no doubt that prospects are for *increased* drilling. Everybody I know is planning on it. With new oil prices from $5.30 to $6.00 per barrel, there's incentive now to go looking for oil.

And the same issue of that magazine quotes another producer-geologist:

The oil price rise is definitely a healthy sign. I've never seen so much outside investor money available for drilling. It wouldn't be difficult for one geologist to raise more money than he can intelligently spend.

Clearly, with so-called old oil selling at $4.25 per barrel, and new oil at about $5.75, the prices in existence on November 1 posed no real barrier to increasing our domestic petroleum reserves.

With the beginning of the Arab oil embargo, however, the price of domestic crude oil began skyrocketing upward in response to rises in the world price of oil. In spite of the fact that for 15 years the domestic oil industry had operated on a two-price system, in which lower priced foreign oil was kept out at a yearly cost to American consumers of over $5 billion, we suddenly began to hear that a two-price system simply could not work, and that domestic prices had to rise to what were termed the "free market" prices of foreign oil.

Clearly, however, there is at the present time no free market in the pricing of foreign oil. A classic cartel controls supply, and feels free to charge whatever prices it chooses. This cartel—OPEC—is attempting to bring economic havoc on the industrialized nations of the Western world, and to pretend for an instant that it partakes of a free market is sheer delusion.

In spite of these undeniable facts, the domestic oil industry continues to tell us that prices must rise to world levels.

Now it has become clear that the most effective way to curb excess profits is to control price, and that the only way to bring fuel costs back to reasonable levels is to roll back these prices to a definite level.

I commend the distinguished floor manager (Mr. JACKSON) for the speed with which he has moved in bringing back to the Senate a conference report which contains provisions dealing with this central issue of price.

Quite frankly, I would have liked the rollback to have gone further. While I believe that the provisions contained in the conference report are a start in bringing prices back to reasonable levels, we should not be satisfied with the prices which this bill would set.

Over the past few months, we have heard the continued pronouncements from the administration that a $7 per barrel price is what is needed as a long-term supply price to draw forth additional domestic production. Yet the documentation for this assertion has been rather skimpy; indeed, the principal price estimates based on substantial evaluation are those of the National Petroleum Council, which estimated an adjusted price of about $4.55 per barrel as needed to encourage expanded production.

And the trade press over the months leading up to the Arab embargo makes clear the industry's belief that even the prices contemplated in the rollback section of this bill were above their expectations.

I recognize that within the framework and time constraints of this legislation, the present rollback is probably all that could be obtained. I hope, however, that we will continue to focus attention on this crucial issue of price, and that the justification of the administration will be subjected to the most searching scrutiny if attempts are made to raise prices on new oil above the basic $5.25 level contained in the bill.

And I believe that we should once again give careful consideration to rolling back the price of so-called old oil to the more reasonable price level—$4.25 per barrel—which prevailed before the Cost of Living Council gave the oil industry a $3 billion per year profit increase on December 19 by raising the price of such oil by $1 per barrel.

I also note with some concern that the language contained in the conference report does not limit the categories on which prices could be increased to $7.09 per barrel to so-called new, released, and stripper oil. The conference report indicates that it is the intention of the conferees that increases beyond the basic level of $5.25 per barrel be confined to those categories, and that the required Presidential justification be given in any event. I trust that the administration will not disregard the intent of the conferees in this regard, and that they will not attempt to raise the price of so-called old or flowing crude oil. Any such attempt would be directly contrary to the spirit of this legislation and would, I believe, fail to meet any conceivable standards of justification, including those required under this legislation.

In short, the price rollback provision contained in section 110 of this conference report is beginning in bringing some sanity back to the pricing of domestic crude oil. It is unfortunate that a rollback of so-called old oil prices was not included, since the major oil companies produce a greater proportionate share of old oil than do independents, but the essential thrust of the conference report provision is moving in the proper direction, and deserves support.

In addition to this provision, there have also been substantial improvements in two other vitally important provisions of this legislation.

In particular, I am most pleased to note the improved provisions relating to unemployment compensation for workers affected by the energy crisis. This revised section, which makes clear our intent to allow provision of benefits for workers whose unemployment began before the enactment date of this legislation, and for workers whose unemployment is the result of shifts in consumer buying preferences and other similar causes, is a much-needed improvement over the similar provision in the previous conference report. I trust that these provisions will be liberally construed by the administration, and that workers will not be penalized for energy-related actions or decisions beyond their control.

Finally, I am pleased that there have been some improvements in the Clean Air Act provisions of this bill. While still not containing all the safeguards which may be necessary, these revised provisions do improve upon the provision in the original bill, and should offer greater protection to insure that the sometimes competing interests of energy and environment are more successfully harmonized during this period of energy shortage.

Mr. President, I hope that this conference report is approved and this legislation is swiftly signed by President Nixon. There are indications that he will veto this measure because of the price rollback provisions of the conference report.

I hope that the President recalls his words of urgency back in November of last year in attempting to get emergency legislation through the Congress. And I hope that the American people are made fully aware of the fact that it has been this administration, time and again, which has sought to delay progress on this legislation.

This is legislation which the President has asked for. Now, it is legislation which the President threatens to veto. Yet on balance it is legislation which the Nation needs, and which the President can ill afford to reject.

Mr. BAYH. Mr. President, in several respects this conference report is a major improvement over the initial report presented to us 3 weeks ago. I intend to vote for adoption of this revised report and urge my colleagues to join in passing this Energy Emergency Act and sending it to the House for final congressional action.

When the initial report of the conferees was presented to us on January 29, I expressed serious concern regarding section 116, which provided expanded and extended unemployment compensation for workers displaced by the energy crisis. The old section 116 would not have covered thousands of workers in my own State of Indiana, and elsewhere, already unemployed due to the energy crisis. Moreover, the old section 116 was worded in such a way that there were questions raised regarding which workers who lost their jobs subsequent to enactment would be covered.

Because the energy crisis has already had a severe impact on the economy, throwing people out of work in a variety of industries, it was my feeling that the unemployment compensation section of the bill should be retroactive. In addition, I felt it was necessary to make clear that the Congress intended to cover all workers affected by the energy crisis, not just the direct victims of specific governmental action.

Thus when the conferees resumed their work following the recommittal

vote on January 29, I wrote to the distinguished chairman of the Interior Committee (Mr. JACKSON) suggesting specific ways in which section 116 might be improved. The able Senator from Washington, who has done such an outstanding job on this bill and several others necessitated by the energy crisis, took my suggestions to conference. I am pleased to note that the conferees responded affirmatively to my suggestions and the revised report contains a vastly improved provision for unemployment compensation.

The unemployment benefits of up to 1 year will be available to all workers now unemployed due to the energy crisis, as well as to workers who lose their jobs in the future because of the energy problem. Workers are covered regardless of whether or not they normally are covered by unemployment compensation.

Also, to remove any possible confusion on eligibility for the benefits of section 116, the revised section specifically says:

> Unemployment resulting from the energy crisis means unemployment which the State determines to be attributable to fuel allocations, fuel pricing, consumer buying decisions clearly influenced by the energy crisis, and governmental action associated with the energy crisis.

In the case of Indiana, which already has severe unemployment due to major shutdowns in the recreational vehicle industry, reduced automobile buying, and other energy-related joblessness, the revised section 116 covers thousands of workers who would not have been covered under the original conference report.

I would like to express my sincere appreciation to the Senator from Washington, who offered my suggested revision of section 116 when the conference met, and the other conferees who adopted the clarifying language of the section. This is a far more equitable provision, treating all workers displaced by the energy crisis equally and giving hope to thousands of American families where the wage earner, through no fault of his own, is out of work.

The revised conference report improves on the original report in another important area. I refer to section 110, which substitutes a rollback in crude oil and refined product prices for the old section prohibiting windfall profits in the oil industry.

This revision provides desperately needed relief for consumers who have found gasoline, heating oil, propane, and other fuel costs rising beyond all reason. Prices have risen beyond the point necessary to stimulate new exploration and drilling. It is time to stop the unnecessary fuel price spiral. So instead of devising techniques for dealing with windfall profits after the fact, the revised section 110 forestalls windfall profits by lowering prices directly. This is the best way to help consumers so hard hit by rising prices.

Prices would be brought back to a point which guarantees the oil companies reasonable profits in order to encourage the development of new oil reserves. But the projected price drop of 3 cents a gallon is quite important to consumers for whom soaring fuel costs have compounded months of inflation in virtually every sector of the economy. I do not regard this section as punitive, but I think it does say to the oil companies that we will not tolerate exorbitant prices and profiteering in the midst of the energy crisis.

In still another important area, the suspension of air quality standards, the revised conference report must be viewed as an improvement over the initial agreement of the conferees.

I recognize, as do most Americans, the need to suspend air quality standards in certain cases—where the public health will not be endangered—to permit the use of coal while petroleum and natural gas are in short supply. As I said during our first debate on the conference report on January 29:

> I support the separate section of the bill which directs that coal be used in lieu of oil and gas when possible during the energy emergency. Such action may well be necessary for more than one year, but there simply is no evidence to justify a decision now to push the air quality rules back to 1979.

The revised conference report deals constructively with this very problem, making it quite clear that any delay in implementing air quality rules beyond the current emergency must be subject to review by the Environmental Protection Agency and then only after oral arguments on the proposed exception from existing air quality regulations.

Thus the revised title II deals thoughtfully with the legitimate competing interests of meeting our energy requirements and protecting our environment.

It is to the credit of the conferees that they utilized the second meeting of the conference to improve these three sections of the Energy Emergency Act. In all three instances significant progress was made, and any reservations which may have existed regarding the initial conference report have been resolved favorably.

Besides these three main sections, the conference report gives us an opportunity to take several other important steps to deal with our national energy problem:

Authority to limit the export of coal, petroleum products and petrochemical feedstocks is given to the Administrator of the new Federal Energy Emergency Administration. Also, the Secretary of Commerce would be required to use his authority to limit exports of these vital products if the Administrator deems it necessary to meet the energy emergency. For more than 2 months I have been trying to get the Secretary of Commerce to use his existing authority to limit petrochemical exports. Domestic industry, especially small businesses, has been hurt severely by the shortage of petrochemical feedstocks and the inaction of the Secretary is deplorable. At last, this bill provides a solution to that inaction.

Recognizing that there are limits to which we can balance energy supply and demand by increasing supplies in the short term, the bill gives the administration needed authority to limit energy demand through mandatory conservation methods. Such conservation may be our best hope for avoiding economic disaster due to the energy crisis.

In a further effort to avoid energy waste, the bill instructs the regulatory agencies to revise their regulations to permit fuel savings in interstate commerce.

Since end-use gasoline rationing may be necessary if the Arab oil embargo is effective and sustained, the bill creates the necessary authority for rationing.

As part of the overall program of energy conservation the bill provides Federal assistance to States and localities in developing carpool programs.

Since the major, integrated oil companies have used the fuel shortage as a tool against gasoline service station operators who do not follow the company line, the bill contains needed protections for the franchise rights of these small businessmen.

The bill has tough, effective antitrust rules to make certain the oil companies do not act improperly in concert in responding to the energy crisis.

Mr. President, in many respects this is an excellent bill, and a decided improvement over the original conference report. I am pleased to give it my support and hope it will become law in the very near future.

DOMESTIC OIL PRICE ROLLBACK

Mr. HANSEN. The price rollback proposed in the Emergency Energy Act is counterproductive and fails to meet its stated ends. A price rollback would have relatively little effect on its main target, the oil majors, who have only recently experienced a profitability improvement over a historically depressed period. Yet, the current profits yield a rate of return which is still low for an industry which must expand production through internally generated funds.

The price rollback can naturally affect only domestic prices and profits. Yet with foreign prices doubling or tripling domestic prices, any further control will drive exploratory incentive abroad. For example, in a year when Gulf Oil reported record sales and profits, its rate of return on domestic assets was only 7.1 percent, against a return of 24.7 percent on foreign assets; Standard Oil of Ohio experienced a rate of return on domestic petroleum equity of 4.6 percent against a return of 79.7 percent on foreign.

But the real tragedy of a price rollback is that it puts a brake on expansion of domestic oil production. Independent producers, who supply about 20 percent of the domestic production but drill 80 percent of the exploratory wells and operate 80 percent of the stripper wells, would be the real target of a rollback. The effect of this price control would be to deprive the independent segment of the industry of approximately $3 billion annually, money sorely needed for new exploration.

Finally, a rollback is really a throwback to less efficient means of extracting our domestic resource. A 5-to-7 dollar-per-barrel maximum discourages secondary and tertiary recovery methods, wasting oil that would otherwise be

brought into our domestic supply. Only about one-third of the oil discovered is recovered without the use of water flooding—secondary recovery—or even more expensive tertiary recovery methods. Thus it is possible that rigid price controls over a 3-year period will result in an intensified energy crunch with devastating effects on the economy. In the longer run it will lead to higher prices, because not even the U.S. Congress can repeal the law of supply and demand.

Our national goals of energy self-sufficiency and elimination of waste are frustrated by the price rollback provision. Governmental interference with the free market price mechanism during this time of rapid changes in the industry and the world situation threatens the development of a sound energy base.

ROLE OF SENATOR JACKSON IN GAINING ENACTMENT OF S. 2589

Mr. BIBLE. Mr. President, before the conference report is approved as final Senate action on the Emergency Energy Act (S. 2589), I wish to pay a well-deserved tribute to the chairman of the Senate Interior Committee, the Senator from Washington (Mr. JACKSON). I would also like to note the outstanding efforts of the Senator from Georgia (Mr. NUNN) in behalf of small business in connection with this measure. To say that Senator JACKSON is the author of this legislation is to understate the credit due to him.

On February 4, 1971, Senator JACKSON joined with the Senator from West Virginia (Mr. RANDOLPH) to introduce Senate Resolution 45 to authorize a study of national fuels and energy policy. Pursuant to approval of this resolution on May 3, 1971, Senator JACKSON's personal leadership has resulted in literally a bookshelf full of studies on the various aspects of our complex energy problem. The Publications List of the National Fuels and Energy Policy study, dated December 1973, itemizes more than 29 sets of public hearings and 40 prints and reports which were produced during this inquiry over the last 3 years. This probably represents the most comprehensive compilation of information and comment on energy issues ever assembled.

Out of this serious scholarship emerged the conclusion that the Nation must deal with our energy problems in a comprehensive manner. Senator JACKSON saw this and acted to propose such solutions.

On October 18, 1973, he proposed S. 2589 as comprehensive energy conservation legislation as a part of this effort. Later, because of his mastery of the subject and experience in the legislative process, the Senator from Washington was able to steer this bill to passage in the Senate on November 19, 1973.

In the crisis atmosphere following the imposition of the Arab oil embargo, the Senator from Washington has been steadfast in working for the eventual enactment of this measure.

The adequacy of energy now looms as America's No. 1 problem. Energy and particularly petroleum is the muscle of American business, industry, and the foundation of our standard of living—both at work and in recreation which is vital to my own State of Nevada.

The Emergency Energy Act will be a milestone in the Nation's efforts to deal with this problem sensibly over the long term.

RECOGNITION OF SMALL BUSINESS PROBLEMS

Another matter close to my heart is the provision for smaller businesses which was adopted by the conference committee as section 130 of the bill. Especially as chairman of the Senate Small Business Committee, I want to express my appreciation to Senator JACKSON for his battle to have this provision for equitable treatment of America's 8½ million small businessmen restored to this bill. The story of this achievement will, I understand, be recounted more fully in a statement by the junior Senator from Georgia (Mr. NUNN) on this subject. Senator NUNN is certainly entitled to commendation for the speed and diligence with which he has been able to grasp small business energy problems and his effectiveness is gaining acceptance of the language now written into this bill.

Small businessmen throughout the Nation should be grateful to Senator JACKSON and Senator NUNN. The people of my State of Nevada, and all of the country, owe a large debt of gratitude to the Senator from Washington for initiating, shaping, and guiding into law this vital legislation.

Mr. KENNEDY. Mr. President, I intend to support the energy conference report because I believe many of its provisions are vital to permitting us to cope with the current crisis. However, I believe that the price ceiling set under this bill is still too high for the American consumer.

The decision to rollback prices to $5.25 for all crude oil but permit the President the discretion to increase that price by 35 percent still provides a potential for windfall profits to the oil companies.

However, the bill does provide an immediate rollback from the level of prices now being charged for new crude oil production. Oil producers are naturally taking advantage of the current unregulated price situation affecting new oil to obtain prices of more than $10 a barrel. Therefore, there should be an immediate benefit to consumers as a result of the conference report provisions restricting crude prices. Also, any increase proposed by the administration will require public hearings and submission of the justification to the Congress before they take effect.

I would prefer to see the level of old oil prices rolled back to the $4.25 per barrel level of November. The administration decision last December, to add a dollar to the old oil price merely boosted the oil companies' profits and did not provide any incentive to secure a single additional barrel of oil.

I regard the price provisions as a first step in breaking the fuel inflation cycle and I intend to work for a further rollback in crude oil and refined product prices. The price of fuel has led the worst explosion of inflation that this country has witnessed since the Korean war. Last month's soaring wholesale fuel prices bears all too clear a portent of what is yet to come if more stringent price restrictions are not put into effect.

I believe that this second conference report also strengthens the protections for the health and safety of communities in the event the waiver of the Clean Air Act provisions is utilized. I am appreciative to the conferees for having recognized the great and legitimate concerns of States such as my own where air pollution is a continuing danger. Although I still question the 1979 waiver and would have preferred a year-by-year determination the new language, both in the bill and in the statement of managers is encouraging.

Finally, I believe the strengthening of the section regarding employment benefits is essential. It directs the State to make the determination whether workers unemployed have been unemployed as a result of the energy crisis. And it then provides for extended benefits for those who have exhausted State benefits and full benefits for those who are not eligible for State benefits. These benefits would continue for up to 1 year.

This provision is vital given the indication of substantial increases in unemployment as a result of the energy crisis. We already have seen a rise from 4.8 to 5.2 percent in the last month and every indication is that additional numbers will be affected in the future. Traveling around Massachusetts, it is clear that the energy crisis already is responsible for many jobless in my State. Our December unemployment rate of 7.3 percent was the worst December on record since 1960.

For these reasons, and because I believe the bill does meet a national need by providing specific rationing authority, by providing the authority to dampen demand through stringent conservation measures, and by establishing by statute the Federal Energy Administration, I will support its passage.

Mr. HELMS. Mr. President, in my judgment the conference report on S. 2589, the Emergency Energy Act, should not be approved by this body. Everyone knows the controversial history of this conference report, the unusual parliamentary proceedings which attended its birth, and the discrepancies which remain even after reconsideration. The distinguished Senior Senator from Arizona (Mr. FANNIN) detailed these on the floor the other day, expressing his frustration at the unconventional tactics which surrounded the shaping of this legislation.

It is clear that this is legislation which was conceived in haste, marked up with slipshod recklessness, and which brought us into direct conflict with the wishes of the House of Representatives. Even now it is filled with duplication of effort, ambiguity of authority, and administrative nightmares. I have no doubt whatsoever that it will never accomplish what it sets out to do.

Moreover, I am convinced that the bill is wrong in its substance as well. If we were really serious about energy conservation we would seek every substantial means of cutting down on wasted energy. It was brought out on this floor that forced busing of schoolchildren was a

luxury that we could no longer afford in a time of shortage. A substantial portion of this body agreed that it is simply too great a waste of gasoline to continue forced busing at a time when it is proposed to shorten school hours, cut down on heat in schools, and even to close schools for extended periods. The House agreed completely and passed an amendment similar to the one I proposed in the Senate to cut out forced busing.

Yet despite the fact that a substantial portion of his body agreed three times to the proposition, and the other House agreed overwhelmingly, the House amendment was eliminated in conference. I recall a newspaper story at the time which reported—and, of course, I realize that not all newspaper reports are correct—that the distinguished chairman of the Interior Committee had argued in conference that to include the antibusing amendment would delay the bill in the Senate and perhaps prevent it from passing. At any rate, the amendment was deleted. It is also a matter of history that the bill was delayed anyway, indicating that the fears of many Members of both Houses were directed to other parts of the bill.

All of this goes to show that we are perhaps not really serious about the energy shortage. Yet the bill itself moves to involve the Federal Government more heavily in the decisionmaking about energy sources and use. It moves us toward rationing, it moves us toward Government control of personal mobility, and it moves us toward Government control of the essential business decisions of private enterprise.

Everybody is properly concerned about the energy crisis, with its shortages of gasoline, fuel oil, and gas. But, the last thing we need, and the worst thing that could happen, would be for the United States to move toward a nationalized oil industry. Yet, in this moment of frustration, that suggestion is being heard more and more often. It will be a sad day for America if it ever comes to pass.

It is not popular to dispute the loud political condemnations of the oil industry that are being heard with increasing fury. It is a natural desire on the part of the public to want to hear us politicians propose easy answers to difficult problems. The trouble is, there is no easy answer to difficult problems. The trouble is, there is no easy answer to this problem. We are not going to solve it by Federal controls, or by finding a political scapegoat. We have got to face up to the hard facts of life.

For many years now, our Federal Government, by one device after another, has been limiting the exploration for new domestic sources of petroleum. Therefore, production has been limited. Instead of developing new sources at home, we have been turning to foreign countries, and importing larger and larger amounts of oil. Our shortsightedness is now catching up with us. The crunch is on.

I hold no brief for the oil companies. I do not own even one share of stock in any oil company. And I do not like to pay high prices for gasoline any more than any other citizen does. Still, in fairness, I think the American people ought to bear in mind that they still have more fuel available to them, at less cost, than any other country in the world.

My own view is that we ought to get busy with exploration for more sources of domestic petroleum, build some new refineries, and stop all of the name calling. Otherwise, no matter what laws Congress passes, or what regulations the Federal Government imposes, the situation is going to get worse.

We ought to compare our situation, unpleasant as it is, with that of any other country in the world. Then we would be made aware of a fact that many people are forgetting—that the free enterprise system of competition is our best hope. Indeed, it is our only hope.

I realize that it is popular to vote to roll back prices. But I say we must look to the future. Such a move can have no other result than a further reduction of exploration and production of petroleum, thus further delaying the hope of an adequate supply in the months and years ahead.

I am sure I will be criticized for these thoughts, but I am convinced that there is no adequate substitute for the free enterprise system. Only through production and competition in the marketplace can we hope to enjoy lower prices for the goods we buy, whether they be gasoline, food, or whatever. We cannot improve upon the free enterprise system.

Mr. DOMENICI. Mr. President, I rise today to give my reasons for voting to recommit this conference report and if necessary, against final passage of S. 2589. I reach these decisions only after a great deal of serious deliberation because, as I have publicly stated on several occasions, this bill has several features that are essential in combating our current energy dilemma.

Illustrative of these essential provisions are those which allow limited modification of the Clean Air Act for both stationary and mobile sources, prohibit discrimination against any class of user of petroleum products, protect franchised gasoline dealers/distributors in their business relations with their suppliers, and give the executive branch the authority to deal effectively with specific kinds of energy shortages.

As essential, as vital as these and other provisions are, Mr. President, the conference version of this bill contains a fatal flaw. That fatal flaw is a provision to put a ceiling on domestic crude oil prices which is irrational and self-defeating when examined from the viewpoint of trying to make petroleum products meet the demand for those products.

Mr. President, this bill would drastically decrease exploration, development, and production of domestic crude oil, reducing the supply, while at the same time it would lower consumer prices, increasing demand. That combination of effects is absolutely wrong, it defies understanding and it will work to the detriment to the consumer in the long run.

Another point, Mr. President, is that it does not fit into our efforts to gain long-range energy independence. This Nation, represented so brilliantly by Dr. Kissinger, is attempting far beyond the normal call of duty to lessen tensions in the Middle East and to achieve a durable and lasting peace in that volatile part of the world. There should be no doubt that a legitimate expected benefit from those tortuous negotiations is to encourage the lifting of the Arab oil embargo and increase the availability of foreign oil for our use here in the United States.

In the face of this diplomatic venture, Mr. President, it is almost criminal to put a ceiling on American crude at one-half or less the price of foreign crude. The price ceiling would clearly discriminate against the small domestic producer who has discovered about 80 percent of new domestic oil in recent years and it will put those domestic producers at an even greater disadvantage in relation to international oil giants who produce or own foreign crude and bring it into this country at prices which are totally uncontrolled. The comparative result is that even new domestic crude would have a base price of $5.25 a barrel, subject to increase for certain unspecified categories, while foreign crude is right now bringing up to $13 a barrel. This situation is, in a word, ludicrous, Mr. President.

I feel so strong on the discriminatory aspect of this bill that I am today introducing a separate measure to exempt from price controls all crude oil produced by independent domestic producers.

Additional reasons for that separate legislative initiative are contained in my introductory remarks in today's RECORD.

All too often, Mr. President, we in Congress are faced with issues which appear so uncomplicated, so easy and so beneficial on the surface. But when the surface is drawn away and the underlying complexities revealed, other courses of action are required. By then, unfortunately, it is difficult to pass a rational judgment without being pasted with some ridiculous label. The proponents of this bill are quick to point out its prospective immediate benefit to consumers. So good, so far, but what will consumers do when domestic production falls and higher priced foreign crude, as a great percentage of total consumption, forces the price back up—a movement no one in this country can control or resist? What will consumers do, Mr. President, when foreign countries on the least whim or caprice decide to withhold their crude at any price? Where will the proponents of this bill be then? Who will they be pointing to as the culprit and how will they appease the indignant anger of the consumers whose cause they now so righteously promote?

A look beneath the surface has caused me to take this strong stand and make this strong statement. I am convinced the path I have chosen is correct. I urge all my colleagues to seriously and earnestly consider the points I have raised.

Mr. RANDOLPH. In discussing section 106 on February 7 with the floor manager for this conference report, the use of new technologies and coal derivatives, such as synthetic gas and oil from coal and solvent refined coal, were determined to be within the term "by-

products" of coal, as that term is used with respect to existing facilities. By way of further clarification, however, it would seem clear that it was the intent of the conferees that all such products or derivatives from coal are included within the broader term "coal" as used in section 106, since that section seeks to make such fuels available for not only existing facilities, but as well for plants now in the planning process. Would the Senator from Washington care to comment?

Mr. JACKSON. I would be happy to comment. Since the purpose of this section is to stretch available fuel supplies, it was obviously not the intent of the Congress to limit the term "coal" to its most narrow definition. This was made explicitly clear with regard to fuel use in existing plants. Yet the omission of explicit reference to coal by-products in the discussion of plants in the planning process was not intended to imply that they should be excluded. The conferees intended that both coal and coal by-products be considered for consumption by powerplants in all phases of development.

Mr. ROTH. Mr. President, I am very concerned about the petrochemical feedstock shortage and its serious impact on our domestic economy should this shortage continue. I endorse the language the conference committee has included in section 107(c) requiring the Administrator to exercise whatever authority he has to alleviate shortages of petrochemical feedstocks and report back to Congress on this problem. I would, however, appreciate the clarification of two points.

Although petrochemical feedstocks are not defined in section 107 or in the associated report language, a good definition of petrochemical feedstocks does appear in the report language in section 115—Exports. I presume that the committee intends this definition to also apply to section 107(c)—is that correct?

Mr. JACKSON. The Senator is correct. The conference committee's definition of the term "petrochemical feedstocks" is set forth as follows on page 70 of the conference report:

> In using the term "petrochemical feedstocks" the Committee intends to identify the basic hydrocarbon derivatives of crude oil such as propane, butane, naphtha, olefins such as ethylene and propylene, aromatics such as benzene, toluene and the xylenes, extender oil used in the manufacture of rubber, and aromatic oils used in the manufacture of carbon black.

Although this definition was specifically addressed to the conference substitute for section 115, it does reflect the intent of the conferees throughout the report, including section 107(c).

Mr. ROTH. The language of section 107(c) instructs the Administrator to exercise any authority he may have to take steps to alleviate shortages of feedstocks. Could you describe what some of these steps might be and do they include allocation?

Mr. JACKSON. Allocation is one of the possible actions that could and should be considered. The Administrator can take feedstock production into consideration in the assigning crude oil allocations and adjusting gasoline production. He can also allocate certain feedstocks themselves. In discussing the allocation of "distillates," the conference report on S. 1570, the Emergency Petroleum Allocation Act of 1973, that allocation authority was discussed as follows:

> It is the committee's intent, however, that this term also reach to include naphtha and benzene so as to require the allocation of these products as may be necessary to accomplish the objective of restoring and fostering competition in the petrochemical sector of industry. In this respect the conference committee wishes to emphasize that, in expressing congressional concern with fostering competition in the petrochemical industry, the committee intends to also identify petrochemical feedstock needs as important end-uses for which allocation should be made.

Another alternative is the use of price incentive, although in the short term for the hard-pressed end user the use of this tool is uncertain. I share the view that the Administrator may well need further authority in this area and that is why we have included the requirement that legislative recommendations be submitted to the Congress within 3 days.

Mr. MAGNUSON. Mr. President, although I will vote for this energy emergency legislation, I must express reservations with section 118 dealing with the importation of natural gas. This provision was included in the House but not the Senate version of the legislation, and I think it is most unfortunate that it is included in the conference report.

The proposed section would empower the President to authorize shipments of liquefied natural gas—LNG—to the United States from a foreign country. Under present law, only the Federal Power Commission is authorized to issue a permit for such imports. The Federal Power Commission holds hearings on the application to determine that the importation is in the public interest. It carefully considers supply and demand, pricing, technical feasibility, and national security impact. But it must also examine an environmental impact statement and pay particular attention to important safety considerations. Inasmuch as the Federal Power Commission has such expertise to evaluate applications, it seems foolish and contrary to the public interest to invest this authority in the President.

As drafted, the proposed provision would permit short-term LNG imports without adherence to the environmental impact statement requirements of the National Environmental Policy Act. Natural gas is clean burning and an environmentally desirable fuel, but in liquid form it is an extremely hazardous substance. To allow it to be shipped, even in small quantities, into congested ports near densely populated areas, such as Staten Island or Boston without the closest scrutiny of accident prevention measures, alternate import sites, and adequate, safe storage facilities poses a threat to property and citizens in that region. The hazards are present, and the Senate Commerce Committee is studying their nature and control. The committee plans to soon hold hearings on the crucial safety issues involved with the importation of liquefied natural gas, but now, in light of the dangers involved, such importation applications should not be exempted from a thorough safety assessment.

Liquefied natural gas is natural gas which has been cooled to −260° F. and condensed to one six-hundredths of its original volume. In this liquid state, it is highly flammable, and under certain conditions, explosive. When LNG is spilled on water, experimenters have found that there is a flameless explosion or "little pops." They cannot be explained. When the substance is spilled on polluted waters, such as in a typical port, there is likely to be an explosion. LNG expands geometrically to several times its original volume when it is spilled on water, and a vapor cloud is formed. This cloud can travel several miles downwind and it is highly flammable. Nearby ships and communities are threatened. It would only take one "emergency" shipload of LNG to cause havoc, and yet this proposed provision would authorize such a shipment without any safety considerations.

Shipment by shipment is a particularly poor choice of words in this proposed section, because it is unclear whether this term could apply to a series of shiploads. In fact, an entire gasfield could possibly be contracted for with such vague terminology. The Federal Power Commission interprets this proposal to apply only to short-term imports, but even this is uncertain. There are a number of long-term controversial LNG importation applications pending before the Commission which should not suddenly be approved by Presidential order.

I would like to insert in the RECORD a copy of a letter addressed to me by Chairman Nassikas expressing the Federal Power Commission's dissatisfaction with the provision. I hope my colleagues will join me in my concern for the safety and lives of affected citizens should this provision be enacted.

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

FEDERAL POWER COMMISSION,
Washington, D.C., January 10, 1974.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of December 14, 1973, for comments on Section 118 of the Energy Emergency Act. S. 2589 as adopted by the House contained that provision; the Senate version of the bill did not.

The proposed provision would add a new Section 9 to the Emergency Petroleum Allocation Act of 1973 which would empower the President, notwithstanding Section 3 of the Natural Gas Act (15 U.S.C. § 717b) or any other provisions of law, to authorize shipments of liquefied natural gas (LNG) to the United States from any foreign country. This authority would not apply to shipments in transit on the date of expiration of the Act and which had not been previously authorized.

We interpret the proposal as a grant of LNG import jurisdiction to the President concurrently with that held by the Federal Power Commission under Section 3 of the Natural Gas Act. Section 3 requires the Commission to issue an order authorizing importation (or exportation) unless, after opportunity for hearing, it finds that the proposal will not be consistent with the public

interest. In passing upon import applications the Commission considers data regarding the economic and technical reasonableness of the proposal as well as data on environmental impact, including safety considerations. Inasmuch as the Commission has expertise in exercising such import jurisdiction, we suggest that it would be expedient to have the authority to grant temporary emergency orders contemplated by the proposal vested in the Commission rather than in the President.

LNG import applications filed with the Commission involve either long-term or short-term contractual commitments. Long-term imports are characterized by 20- to 25-year contracts for substantial quantities of LNG (see annexed Table I); short-term imports are usually for one or two shipments over a limited period of time (see Table II). While it is not clear, we assume that the proposal is intended to cover short-term imports only. The Commission would favor the procedure proposed regarding single cargoes of short-term shipments but would oppose such expedited procedure for long-term imports. To clarify the evident purpose of the proposed change to authorize spot shipments of LNG urgently needed to maintain adequate local supplies, we recommend that the term "shipment-by-shipment" be changed to "shipload-by-shipload". This would insure that a separate public interest determination will be made for each shipload of LNG for consistency with the energy emergency upon which the legislation is predicated.

In addition, the bill should be amended to provide that if the President (or the Commission) exercises the authority to authorize an import that Commission review will not be necessary under Section 7 of the Natural Gas Act where the sale or transportation of the gas for resale in interstate commerce is contemplated or facilities for such service will be required. Expedited action approving short-term imports of the type authorized by the proposed legislation could be effectively frustrated if the public convenience and necessity certification procedures and standards are applicable to the gas once imported.

Presumably, as drafted the proposed legislation is intended to permit the authorization of short-term LNG imports without adherence to any applicable environmental impact statement requirements of the National Environmental Policy Act (NEPA). In order to avoid time consuming litigation, we believe that any waiver of NEPA requirements should be specified in the legislation.

In view of the administrative steps now required to be taken by the Commission in connection with import applications, it is evident that the proposed amendment may have an expeditious effect. The minimum time required for the processing of an LNG import application which does not involve a formal hearing is about six to eight weeks. The necessity for a public hearing can add months to the processing required. A procedure which expedites approval of spot imports should improve the ability of American gas companies to take advantage of available shipments as they arise.

In the event the emergency power is given to the President, we suggest it would be desirable that in making a finding of public interest that this agency should be consulted prior to the exercise of the power granted in the section. Accordingly, we recommend the provision be revised by inserting after the word "President" the words "in consultation with the Federal Power Commission".

Thank you for the opportunity to comment on this proposed legislation.

Sincerely,

JOHN N. NASSIKAS, *Chairman.*

THE OIL PRICE ROLLBACK: LET'S DO IT RIGHT

Mr. McGOVERN. Mr. President, this afternoon the Senate will vote on whether to send the Emergency Energy bill back to conference for a second time. At issue will be the price rollback formula the conferees have inserted in place of of the "windfall profits" provision contained in the original bill.

There may be strong reasons for adopting the conference report, as, for example, the unemployment compensation provisions for those who have lost their jobs due to the energy crisis. But the so-called rollback provision is not as great as it should be.

Today the United States produces approximately 9.2 million barrels of crude oil a day. About 71 percent of that oil is flowing from fields developed prior to 1973 and is controlled at a price of $5.25 per barrel. The remaining 29 percent is exempt from price controls on various grounds and sells for about $9.50 a barrel. Only about one-third of this exempt oil is "new"—from fields not flowing in 1972 or before.

Under the conferees formula, the price for all domestic crude would be nominally set at $5.25 per barrel. But the President is expressly given the power to raise the price as much as 35 percent—for a maximum ceiling of $7.09 per barrel.

The practical effect of this proposal therefore is to impose roughly a $2.41 reduction on the 30 percent which is not presently controlled. No change in the price of the other 70 percent is mandated. Indeed, further price increases on this "old" oil totaling nearly $2, or 5 cents a gallon at the consumer level, are permitted.

I have reservations about the conference approach for three reasons. First, the plan would leave intact the President's recent decision to raise the price of controlled or "old" oil by $1 per barrel—from $4.25 to $5.25. Second, the administration would retain the right to further increase the price of old oil by nearly $2 more. And third, the conference formula would result in only small savings to the consumer.

The Consumer Energy Act of 1974 which the Commerce Committee is considering this week and will shortly report out on behalf of a bipartisan group of Senators including myself offers the consumer a sounder and better thought out policy. It would roll back prices to the December 1 level and permit a rise in prices only to reflect rising costs or to give incentives to independent producers and wildcatters. It would not permit the majors to reap the windfalls possible under this bill.

During the last 15 weeks, consumer fuel prices have increased on the average approximately 10 cents a gallon. In some cases, particularly propane and home heating fuel, consumers have paid as much as 200 to 300 percent more this year than last year.

At the same time, the profits of the major oil companies have gone up even more rapidly than fuel costs. During the first 9 months of last year, the 31 largest oil companies posted a 47-percent increase over the comparable 1972 period and a 63-percent increase in the third quarter alone. For the largest companies, the results were even more dramatic: Exxon's third-quarter profits were up 81 percent; Gulf's, 91 percent. Although the final 1972 figures for all companies are not yet in, one company, Gulf, reported a 153-percent increase in its fourth-quarter profits and a full year profit rise of 79 percent. Exxon posted a 60-percent overall profit increase last year.

Although the majors stress that a substantial portion of their new riches come from foreign operations, the rising price for domestic crude has been a significant factor. In 1958, domestic crude sold for an average price of $3.09 a barrel. The price of crude which averaged less than $3 a barrel during the 1960's increased gradually to about $3.40 in late 1972. On May 15, 1973, the administration permitted a 35-cent increase in the then controlled price of $3.90 per barrel. This new $4.25 price was further increased by executive fiat to $5.25 last December.

Thus, under the Nixon price controls, crude oil went up 36 percent in less than a year. That $1.35 increase was greater than the 81-cent rise during the prior 15 years.

According to Ervin Wolf, chairman of one of the largest exploration companies, and other industry experts:

> Approximately 80 to 90 percent of all the old oil which was recently increased $1 per barrel is owned by the major oil companies.

He estimates that the dollar increase was worth approximately $30 billion to the majors on their existing inventory of crude oil. It must be stressed that this oil was found and developed years ago. It would have continued to be produced without any increase in price.

As Senator JOHNSTON of Louisiana pointed out in debate on February 7, this dollar increase amounts to a pure windfall profit to the major oil companies. It was granted for wells which were developed and flowing prior to 1973. For these wells there is no exploration or development risk. Those costs were incurred 10 and 20 years ago. The only present costs are in pumping it up from the ground which Business Week sets at $1.10 a barrel and many other experts even lower. The rest is pure unadulterated profit—at present prices more than $4 a barrel.

As Senator JOHNSTON pointed out, an increase in the price of old oil is by no stretch of the imagination an incentive to produce new oil. And in a colloquy with him, Senator JACKSON admitted that the dollar increase was, and I quote, "clear windfall."

And so I ask with Senator JOHNSTON:

> Why not roll back the price of old oil—which represents approximately 70 percent of domestic crude—to its December price of $4.25 and eliminate the $1 per barrel windfall that was allowed despite the fact that it is not really a viable incentive to produce more oil?

My second objection follows logically from the first. If, as Senator JACKSON has said, the dollar increase on old oil was "clear windfall" why should the President be given specific authority to grant nearly $2 of future increases?

The conference report says that it expects this new authority to be used only with respect to newly produced crude and oil extracted through expensive

technology such as secondary and tertiary recovery. But the same could have been said before the December price increase.

Moreover, the administration has announced plans to gradually increase the price of crude to $7 per barrel over the next 3 years in connection with its so-called windfall profits excise tax. As Treasury Secretary Shultz testified before the Ways and Means Committee on February 4:

> A tax which bites hard on immediate price increases (but would) not interfere with the production of needed oil supplies if it gradually phases out so that *after three years there would be no tax on oil prices at around $7 or less per barrel.* (emphasis supplied).

Under the mechanics of the plan the Secretary described, the base not subject to the proposed tax would be increased by 80 cents a year for a nontaxed price of $7.15 in 3 years. His precise calculations furnish a good benchmark against which to judge the administration's intentions regarding oil price control policies.

In the face of those statements, I do not see how the conference can be so sanguine about future increases in old oil prices.

The third question is how much the proposed limited price rollback would save the consumer. Senator JACKSON has estimated that it would reduce consumer prices by 4 cents a gallon or more and save the consumer upwards of $4 billion. Yet the unanimous testimony of expert witnesses before the Interior Committee just 2 weeks ago was that a 25-percent decrease in the price of uncontrolled oil—roughly equivalent to proposed formula—would save the consumer perhaps 1 cent a gallon.

The administration estimated that the December dollar increase on 71 percent of domestic production would increase fuel prices by 2.5 cents per gallon and cost the consumer approximately $2.5 billion a year. On that basis a $2.41 reduction on 29 percent would save the consumer about $2.3 billion which works out to about 2.3 cents per gallon.

But under the price control regulations, the fuel presently being consumed is priced based on the average cost of crude oil in the refiner's inventory at the time the fuel was refined. In general, fuel consumed today is based on crude refined 30 days ago or more. In many cases that crude was purchased weeks or months before at substantially lower prices. Expensive Arabian crude, for example, takes 45 days just to be shipped in tankers to the United States.

Since uncontrolled crude sold for less than $7 60 days ago and about $8.25 30 days ago, the effect of the conference proposal would be at best to stabilize fuel costs at their present levels. In some cases, costs will continue to increase because of the higher cost of foreign crude. In others, it will decrease because of greater stability in foreign prices. This would depend on the source of oil for individual companies contracted for weeks and months ago and explains why Exxon recently raised its price on the same day that Amoco announced a reduction.

I point this out, Mr. President, because of the danger that the public may again be disappointed with the Congress when the promised price reduction fails to materialize, or is less than expected, in the event the conference report is adopted.

The better alternative—is:

First, to roll back the $1 windfall on old oil the President granted last December;

Second, to set a price for bona fide new oil and stripper well production at a level which will insure expanded production and protect the consumer from price gouging;

Third, to remove from the administration the authority to increase the price for old oil;

Fourth, to carefully prescribe the conditions under which the price for new and stripper oil can be increased, subject to congressional concurrence;

Fifth, to abolish the administration's so-called release program under which old oil is exempted from price controls;

Sixth, to repeal the congressionally imposed exemption for stripper wells from price controls which is generally admitted to have been a mistake by the administration as well as the conference committee; and

Seventh, to require these cost savings to be passed on to the consumer.

Most of these proposals are clear from what I have said regarding the conference report.

The price for new oil adopted in the Magnuson bill is about $7 per barrel. That is the price the administration and the industry originally said was adequate to provide a sufficient incentive for the development of new sources such as oil shale and finance new expensive recovery techniques and deep wells. Predictably enough their estimates have drifted upward with the price.

I am not suggesting an absolute limit of $7 for new oil. What I am suggesting is a present $7 price which could be adjusted upward if the President showed proper reasons for doing so and the Congress concurred.

So far as released oil is concerned, I can see no justification for it. Under current price control program, the administration in effect permits one barrel of old oil to be decontrolled for each new barrel of oil produced from an existing field. It seems to me that today's present high prices for new oil, even if they were rolled back to the $7 level, furnish a sufficient incentive for producing the new oil. There is no justification now for adding a "bonus barrel."

These seven steps would permit us to return to the consumer price levels which prevailed last December plus the increased costs of foreign crude since then. Today we import nearly 40 percent of our crude and will continue to do so in the months ahead.

I am hopeful that Secretary Kissinger will succeed in his efforts to reduce the world price for oil. Recent statements by Mr. Yamani of Saudi Arabia and other spokesmen of oil exporting nations to the effect that the present price risks a worldwide depression offer some hope that this will be done. If this is done, consumers will benefit not only from lower foreign crude prices but less pressure on domestic prices as well.

But while we wish the Secretary well in his travels, let us at least hold down oil profiteering at home in a rational way. We may not yet have the ability to affect foreign prices, but we have the obligation to restrain domestic prices.

In conclusion, Mr. President, let me stress that I believe that the conference has found the right idea for dealing with the oil price—profits problem. We should roll back oil prices—the question is which oil and how far.

Further, we should be particularly careful that the Congress does not put itself in the position of promising the consumer a greater rollback than the bill delivers.

Although I regret that the price rollback in the conference report is not greater than it is, I have decided to vote for this measure and against recommitting it on the grounds that it is probably the best bill we have any chance of getting signed into law this time. Perhaps we can do better at a later date.

Mr. MONTOYA. Mr. President, in a few moments, I shall vote to recommit the conference report on S. 2589. There has been a great deal of concern about this bill for several months now. It has come to be viewed by many people as an essential ingredient in the solution to our energy crisis, and the President has called for its enactment. Why, then shall I vote to send it back to conference and why do I urge my colleagues to do likewise?

It occurs to me, Mr. President, that this bill should pass if it could meet several tests. It should pass if it represented a real solution to our energy problem. It should pass if it provided the President with authority which he needed instantly, which was not available to him now, and which could not be provided in any other way. And, if those conditions are met it should pass even if it meant that certain States—even if it meant that New Mexico—might be harmed. Under those circumstances it should pass because the interest of the entire Nation, of all the 50 States, demanded it. But, Mr. President, I think this bill cannot pass those tests. I think the debate of the past 4 or 5 legislative days has shown that. I think the information we have received in our offices and the information we have seen for ourselves as we have survived this crisis thus far have shown that. Moreover, the bill would, in fact, hurt many States, my own included. That being so, I conclude that this bill should go back to conference for revision.

The first test I spoke of concerned the Nation. Was there in this report a solution to the energy crisis? I think not. This bill does provide a price rollback, and it is estimated that if we pass this bill we might expect to spend 1.6 cents to 4 cents per gallon less than we would otherwise. Now that is a worthy objective, but what are its costs? Its costs, I fear, are a higher price for gasoline in another year or so. Why would that be? It would be because no one is going to go out and risk his capital to drill an oil well which, even if it is successful, is going to pro-

vide him with a return of only 1 or 2 percent on his investment. It would make more sense for someone to put his money in the bank than it would to drill an oil well under such circumstances, and money in the bank is not going to provide us with the petroleum which we will need.

Mr. President, the small independent oil producers in my State are ready to begin drilling again. There has been a long decline—a decline at a time of a shortage—in the amount of oil which has been produced in our State. Between 1970 and 1973 alone, oil production in New Mexico declined 18 percent from 118,-412,374 barrels to 100,785,080 barrels. The independent oil people are anxious to reverse that trend, but they tell me that their efforts will fail if they are forced to accept a price of $5.25, or $4.21 as would be the case in the northwestern part of New Mexico. They say they will not risk their money if there is no chance at all of possibly earning more than 1.5 percent. If we produce less oil instead of more, the price is surely going to go up.

One of our great national goals today is independence in our fuel supply, and part of that independence in fuel supply is independence in oil. We can produce more oil here, but if there is a price rollback in the name of saving 1.6 to 4 cents a gallon, we are not going to produce more, we are going to produce less. The demand for the oil will not change. It will still be there, and it will be met. It will be met, however, with foreign oil at a price which we will have no way under heaven of controlling. The foreign price now ranges around $12.15 a barrel. Some oil has sold for $20 a barrel. I think it is better to pay $10.35 a barrel for American producers to produce American oil than it is to pay higher prices to Arab countries. In one case we are buying our economic freedom; in the other case, we are paying someone to take us and hold us for ransom.

The second test was whether this conference report provided to the President any authority which he needed instantly and which could not be provided to him any other way. The answer to that question is also no. The President has a battery of laws which he can employ if he wishes to do so. He has the Defense Production Act, the Economic Stabilization Act, and the Petroleum Allocation Act. He and Mr. William Simon have already used the authorities contained in these acts to good purpose. They have not demonstrated that there is a pressing need for additional authority, and, unless there is, I do not think the Congress should give it to them. We have spent a whole year trying to regain some congressional authority that previous Congress let slip away down Pennsylvania Avenue. We had to fight very hard to pass the War Powers Act and we are still fighting to give the Senate the right to pass on the confirmation of the Director of the Office of Management and Budget. Does it make sense to say that we will take back the war making power and the power to control the budget and yet give away the power to deal with the energy crisis? I do not believe that it does.

Some Senator may say to me, "But what if an emergency arises? What if the President decides that he needs the authority to ration gasoline?" My answer to that Senator is, if the President has a special request for special authority, let him submit it to the Congress. I believe that the Congress will honor the request. I believe that on a piece by piece basis the Congress will act very quickly to give him the authority which he honestly needs. Just think back to the months of October, November, and December. During that period the President asked for six pieces of energy legislation and we gave it to him. Some of that legislation we passed in record time, and I am confident that in the face of emergency we would pass it again or pass similar legislation with just as much haste.

Mr. President, earlier I said that if the bill could pass the two tests I have mentioned then the Senate should pass it even if it meant that certain States were going to be harmed. The bill does not pass the tests, but it does hurt my State of New Mexico and it hurts many other States as well. That being so, I think it is mandatory that we return this conference report for further revision.

Let me tell my colleagues a little about what this bill means to the State of New Mexico. We are an oil producing State. We are also a very poor State. For us, the oil which comes out of the ground is a special blessing because we tax it rather heavily and we use the revenues from those taxes to run our school system. In 1973, we collected $45.5 million worth of State royalty, school, severance, conservation, and ad valorem taxes from the oil companies. In 1974, we are going to collect at least $72.3 million from them if the price of oil on the average settles down at about $7 per barrel. If we roll the price back to $5.25 per barrel, however, we are going to collect only $52.1 million. If we roll these prices back, we are going to have $20 million less to run the schools in New Mexico and we are going to have to raise our property taxes. A home owner in Albuquerque who now pays $250 per year on a three bedroom house is going to have to pay $600 or $700. I do not think he is going to find it much of a bargain to be able to pay 2 or 3 or 4 cents less per gallon of gasoline while at the same time he has to pay $200 or $300 or $400 more in real estate taxes. That, in a nutshell, is why I think this bill should be returned to conference.

I might add that there are a few other reasons as well which I want to touch on only briefly. Just this past weekend, we received a report from the American Public Health Association which states that if we proceed with plans to convert power plants from oil to coal, we are going to have an increase in heart attacks in this country. We are going to see 500 people die each year who would otherwise have survived. We are also going to see almost 17,000 children suffer serious respiratory attacks which will require medication. I think that the conference should take this report into consideration.

Mr. President, the situation today, on February 19, is somewhat different from what it was in November when the energy crisis was new and when this legislation first came before the Senate. At that time no one knew how serious the crisis would be. No one knew whether we would have a severe or a light winter. No one knew how long the embargo might last. To some extent, we have learned since that time to live with this crisis. We have learned, at least, that the passage or the failure of this bill today is not going to worsen or lessen the crisis. That being so, I think the Senate would be doing a disservice to the country if it pushed forward and failed to return this bill to conference. I think we have an obligation to the country to proceed expeditiously but also thoughtfully.

I urge a recommittal of the conference report.

Mr. BUCKLEY. Mr. President, I rise again, for the third time, in opposition to the emergency energy legislation conference report. We should keep in mind that we are talking here, not of the "outrageous" profits of the international oil companies, which have made those profits largely overseas; we are talking about the economics of domestic energy and about seeing that we solve our energy problems.

Once again, Mr. President, we are asked to approve emergency energy legislation that has been reported out by the Joint Conference Committee. Once again, we are confronted with legislation that not only vests an improvident degree of authority in the Executive but will have the clinical effect of compounding our energy shortages rather than moving in the direction of emancipating us from an excessive dependence on foreign oil. This legislation will provide the Executive with authority for spreading the current misery in an equitable manner. It will do no one thing to relieve us of that misery by encouraging the discovery or production of a single additional barrel of oil. On the contrary, the provisions euphemistically described as "prohibition on inequitable prices" will force the shutdown of marginal production while postponing indefinitely plans for extending the productivity of depleting fields. It will also disqualify from exploration the harder, higher bulk prospects whose energy cannot be justified at the price levels mandated in the bill under consideration. We should have learned from our experience with price controls that we cannot legislate people into producing goods at a loss.

It was once the proud boast of the U.S. Senate that it was the world's greatest deliberative body. The steamroller atmosphere that attended the adoption of the price rollback provisions demonstrates how far the Senate has wandered from the days when it could claim to have based its legislation on a rational rather from an emotional examination of our national needs. We make a mockery of the hearing process when we summon expert witnesses from across the Nation apparently more for purposes of appearance than for any serious desire of informing ourselves about the issues before casting legislation in concrete. What is absolutely clear from the record is that the principal sponsors of the price rollback had reached their conclusions before hearing the witnesses; and that

there was no intention to allow time for their testimony to be examined and weighed.

That I do not exaggerate is clear from the statements made by the chairman of the Interior Committee at the beginning of the first and second days of hearings. At the opening of the first, and before hearing any of the evidence from any of these witnesses, the distinguished chairman stated:

> By all evidence we have seen Americans are paying unconscionable and unnecessarily high prices for essential petroleum products. Price increases which result in enormous profit gains amount to nothing more than the exploitation of the American people. This exploitation must be stopped. A rollback of petroleum prices to more reasonable and realistic levels is absolutely essential. That is the subject of these hearings today.

Parenthetically, Mr. President, I wonder why the distinguished chairman did not show this same compassion for American consumers who have seen the price of wheat rise by more than 100 percent and corn by more than 60 percent, keeping in mind that food constitutes more than 20 percent of the cost of the average family's budget as opposed to 6 or 7 percent for energy.

The following day, on Friday, February 1, the chairman announced:

> Before hearing from our witnesses this morning, I would like to announce that on Monday, at ten a.m. [i.e., in three days time], Chairman Staggers and I will reconvene the Conference on S. 2589, the Energy Emergency Bill. At that time, we will urge our fellow conferees to consider including in the bill a price roll-back and price ceiling provision for crude oil and petroleum products.

During the third day of hearings, on Saturday, February 2—just 2 days before the conferees reconvened—a panel of petroleum economists drawn both from the academic and petroleum communities took the stand. It was their unanimous verdict that the problem of pricing was so complex, the dangers to the consumer in making wrong decisions so large, that it would be irresponsible—I repeat, Mr. President, irresponsible—to proceed with any provision for the roll back of prices without the most careful marshaling of the facts and a most serious analysis of the potential consequences. Unfortunately, no more than 2 of the 21 conferees were on hand to hear this testimony.

It was pointed out that even if the price of all uncontrolled crude oil—that is, stripper and "new" oil—were to be rolled back to a price of zero, the net effect to the motorist would be a saving of no more than 5 cents per gallon of gasoline. On the other hand, to hold prices below optimum levels would have the effect of discouraging that massive investment in exploration and development, in gas liquefaction and gasification, and in the recovery of oil from shales that alone will enable us to achieve our stated goal of a reasonable degree of self-sufficiency by the mid-1980's; an investment that would average more than $60 million during each of the next 11 years.

Mr. President, I cannot see the logic that on the one hand insists that we must lift price restraints from agricultural products so that farmers will have the incentive to increase supplies to meet demand, while on the other hand insisting that the way to meet our domestic energy needs is to clamp a price lid that will discourage the search for new oil and the production of marginal fields on which we currently depend for so large a percentage of our domestic production. The fact that 13 percent of our current oil comes from wells averaging four barrels per day should be warning enough to anyone familiar with the economics of producing oil of the effect on the consumer of this attempt to save him 2 or 3 cents per gallon on the cost of gasoline. The effect will be either to require our motorists to cut back still further on their consumption of gasoline or to require them to pay the far higher prices commanded by imported petroleum.

Mr. President, I shall not vote to adopt legislation that can only intensify the energy crisis, legislation that can only be described as constituting a fraud on the consumer who would rather pay 2 or 3 cents more per gallon for assured supplies of gasoline than spend endless hours in line for a gallon or two at present prices. I urge the American public to hold accountable for future shortages those Members of Congress who are responsible for so shortsighted an approach to meeting our greatest domestic needs, namely the need for substantial self-sufficiency in energy.

Mr. President, it is bad enough that the current legislation will compound the energy crisis by virtue of the price controls that have been introduced in conference. The bill, however, was already unacceptable as originally adopted by the Senate.

As the ACLU has pointed out, the act delegated to the Executive plenary powers to intrude into every sector of the economy, every facet of public and private affairs in a manner far beyond the needs of the emergency. Elementary safeguards were scrapped, and in area after area the Congress abdicated elementary responsibilities while passing the buck to the Executive.

Mr. President, I do not deny either the existence of an emergency or the need to assign necessary powers to cope with it. These powers, however, should be defined as narrowly as possible; and where it is possible to insist on appropriate hearings and review without needlessly handicapping the ability of the Executive to act, those safeguards should be insisted upon.

In my judgment, Mr. President, both the short and the long term needs of the American consumer will best be served if we admit that we have allowed the current bill to grow out of all control, and return to the drawing board. We could then reconstruct a taut, prudent assignment of responsibility that will not only delegate only those powers essential to the job of seeing that our shortages are equitably shared, but we can report out legislation that will allow our energy industry the freedom to go to work and develop the new resources that alone will liberate us from the current emergency.

I urge the American public to hold accountable for future shortages those Members of the Congress who are responsible for so shortsighted an approach to meeting our greatest domestic need, namely, the need for substantial self-sufficiency of energy.

Mr. GRAVEL. Mr. President, I yield myself 3 minutes.

Mr. President, I think it is obvious that if this body today could roll back prices, that is, roll back inflation, it would have done it a long time ago. We would have done away with inflation a number of years ago if we had the magic to do that.

Let me reiterate that we have four policy options to pursue.

One is incentives, which is what we have been doing. That has not been adequate.

The second is taxation. That is what, I think, the Senator from Washington was confusing with the free market. Taxation depresses the money available and gives the Government money. However, it does not add to the supply available.

The third is rationing. Rationing distributes a product but does nothing to solve the problem.

The last is to reduce prices. The money then does not go into Government, but goes to increase the supplies and affords money with which to dig wells, and lay pipe and do other things.

There is no magic involved.

We can take our choice. The capital can come from the consumers. They will pay for the cost of the products. If that does not happen, and we want to solve the problem, we can do what the Senator from Washington has suggested doing in Alaska. That is, we can have the Government drill for oil. Then we will have the people of this country pay for the cost of the refining and the pipe and the drilling. The person who pays is the taxpayer. The taxpayer and the consumer are the same person.

We can take our choice as to what system we want to employ to solve the problem.

Mr. GRAVEL. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 30 seconds remaining.

Mr. GRAVEL. Mr. President, I yield to the Senator from Kansas.

The PRESIDING OFFICER. The Senator's time has expired. Who yields time?

Mr. DOLE. Mr. President, will the Senator from Arizona yield?

Mr. FANNIN. Mr. President, I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, the Energy Emergency Act contains some of the basic authorities needed by the Government to deal with the problems of energy scarcity and fuel shortages in America. It would establish the Federal Energy Administration as a separate government agency. It provides the basis for putting rationing into effect if necessary. It deals with allocations, unemployment assistance, environmental regulations and a number of other important features of our framework for dealing with energy-related questions.

The Energy Emergency Act passed the Senate on November 19, 1973. On December 17 it was approved by the House.

Since then, a House-Senate conference report has come before the Senate in two different forms, and the bill has still not been sent to the President for signature.

SECTION 110

But the story of this bill is not only that it has failed to become law. The full story involves the attitudes and tactics of some Senators and Congressmen who—given the choice between the public interest and political opportunism—have repeatedly set their own narrow ambitions above the country's interest of having a sound national energy policy. And to understand this point we need look no further than section 110 of the bill.

Section 110 did not exist when the Energy Emergency Act passed the Senate in November. At that time the atmosphere in the Senate supported enactment of a basic, straightforward bill to provide needed statutory tools for handling the energy crisis. The vote of 78 to 6 is a good indication of the serious bipartisan attitude that prevailed then.

But when the bill went to the House, a successful effort was made to turn it into an emotional and empty play on the concerns held by many Americans over possible windfall profits to the energy industry as a result of the fuel crisis.

LEGITIMATE PUBLIC CONCERN

Let me say at the outset that I believe the concern over windfall profits is proper and legitimate. There is no reason, excuse or justification for any industry, business or corporation to get rich on the sacrifices and hardship the energy situation imposes on millions of Americans.

The public has a perfect right to expect that they will be protected from profiteering, price gouging, or any other unfairness. If sacrifices are called for, then equality and basic justice must be guaranteed. This is the American way, and in this sense the energy crisis is no different from World War II or any other great challenge to our abilities and resources.

SUPPORT FOR EXCESS PROFITS TAX

As a member of the Senate Finance Committee, I have already spoken out in support of a technically sound and administratively effective means of taxing excess profits, with a plowback provision to encourage greater efforts toward increasing energy supplies. Hearings have already begun, and I am confident that we will be able to write a bill which is effective in providing this necessary protection while contributing to the overall energy effort at the same time. Any such measure must be written so it assures more energy for America, not less.

But there is a difference between identifying a broad public concern and doing something responsible and effective to deal with it. And the case of congressional action on the windfall profits issue, so far, shows how great that gap can be.

EASY POSTURE

With much publicity and pious rhetoric section 110 was unveiled in the House as the great cure-all for this problem. Its supporters went on television to proclaim how it would protect the average citizen, hold the corporate giants in check and provide the answer to profiteering in the energy crisis.

Of course, this sounded good. How can anyone lose by being for the little guy and against the forces of corporate greed? But a look beneath the surface revealed an astounding example of pure political hokum. Instead of holding the promise of public protection, this provision actually hid a grave threat of wholesale economic disruption. Section 110 was not a tax. It was not a means of providing more energy. It did not even go into effect until 1975. In fact, a panel of tax experts who appeared before the Senate Finance Committee could not tell us exactly what section 11 was—other than a sure-fire prescription for disaster.

It was a prescription written by someone who either had no real idea of the problems we are facing—or did not really care about solving them.

MEANINGLESS MECHANISM

The heart of section 110 was the Renegotiation Board, an obscure Federal bureaucracy which has not done much of anything since being created in 1951. The Board was to hear complaints from citizens who felt they had been charged too much for "petroleum products." And if the Board agreed with the complaint and found that the price was too high, it could order a refund of the "windfall profit."

But what petroleum products were covered? What sales were included? What was a windfall profit? Who could bring a complaint?

DANGEROUSLY VAGUE

Section 110 did not answer these questions. But the experts who appeared before the Finance Committee agreed that it would give anyone the right to file a complaint against any dealer, merchant or company that sold petroleum products. And this right extended all the way down from the major international oil company to the corner service station.

There have been some logjams in administration of many laws. The National Labor Relations Board fights a continuing backlog of labor-management cases. The Cost of Living Council and the Federal Trade Commission all are faced with weeks and months of docketed cases. But can you imagine the tidal wave of complaints that would have swept over the Renegotiation Board if it was told to decide whether every tankful of gasoline sold in America resulted in windfall profits to the seller or his company?

No one knows the answer to that question, and fortunately we will never find out. But a rough estimate can be gained from the fact that it now takes some 3½ years for the Renegotiation Board to decide one of its cases.

After looking at this provision it is not hard to understand that its impact on America would have been totally devastating. It would have brought every element of the petroleum industry to a grinding halt in a web of redtape. And the American people would have been left high and dry with no fuel and no real protection against unfair profits. This is not hard to see.

The point that is hard to understand is that any serious Member of Congress could have proposed such a scheme—or that it would have been sold to a majority of the House.

Fortunately, the Senate was able to recognize this hoax and the threat it represented, and by a 57-to-37 vote refused its approval.

Those of us in the majority on that vote were hopeful that any alternative to section 110 would have to be an improvement. But we were mistaken.

CRUDE OIL ROLLBACK

When the bill reemerged from the conference committee, the windfall profits provision was gone. But it had been replaced by a so-called rollback on crude oil prices.

Of course, it sounds good to say "Let's roll back the price of the crude oil which makes all of our fuels, fertilizers, and other petroleum products so expensive." But before jumping on this bandwagon, it would be wise to look at the details and effects of such a plan.

LIMITED EFFECT

In the first place more than five-sixths of the oil consumed in this country would not be affected by this rollback. A third of our oil comes from imports, and no act of Congress is going to change the prices charged by Canada, Venezuela, and the other exporting countries. Furthermore, two-thirds of the oil produced domestically in America is now under price controls at levels equal to or below the rollback level, so there would be no effect on this oil. Together, imports and old oil add up to more than 82 percent of our consumption from both foreign and domestic sources.

This leaves only one-sixth of all the oil in the United States to be covered by a rollback. And what oil is this? It is the so-called new oil which represents the new discoveries and increased dependence on costly imports. And it is the production of the small, marginal stripper wells. There are hundreds of thousands of these wells. And although they each produce less than 10 barrels per day, they supply some 12 percent of our total domestic production—an extremely critical margin in these days of embargoes and other uncertainties. In addition these stripper wells constitute more than 90 percent of all the oil wells in Kansas.

In consumer terms it is estimated that this rollback would mean less than a penny per gallon on all oil products—hardly a significant measure of relief and hardly worth the price of undermining our efforts to expand our domestic petroleum supplies.

ANOTHER HOAX

So the congressional opportunists have struck again by promising a simplistic cure-all for the energy crisis. This rollback would affect very little of the oil produced by the major oil companies whose profits are such a great concern to many of the more prominent energy experts. It would make no difference at all on the prices of the growing volume of imports. But it would have a massive impact on the system of incentives that have been set up to expand the search for new oil within our boarders. And it would probably mean a substantial re-

duction in the numbers and production of the thousands of small stripper wells in Kansas and elsewhere.

PRICE SHOULD BE REASONABLE

I do not believe $10 per barrel prices for oil in this country is some sort of a magic figure so far as adequacy of our domestic supplies is concerned. There is such a thing as a reasonable incentive, and beyond that there is unnecessary gravy. But a sizable difference exists between the incentives in a $5 barrel of oil and in oil priced in the neighborhood of the long-term equilibrium level for oil which is estimated to be somewhere in the $7 to $8 range.

Today's prices for new and stripper oil average $9.51. The rollback proposed in the energy bill would mean a 45-percent reduction in the price of this oil—and make it no different to the so-called old oil that involves no expense or risk to produce. This sort of approach simply does not make sense.

It would mean that all the incentive differential for new and stripper oil would be removed, and prices would be held below the expected long-term equilibrium level. Of course, the provision contains a discretionary feature allowing the President to raise oil prices by 35 percent.

But this is only an attempt to let Congress off the hook and put the monkey for high fuel costs on the President's back. Practical pressures would probably make it impossible for him to do this. So we would wind up being locked into a situation which would provide no real price relief to the public and would seriously undermine the effort to expand domestic energy supplies.

This rollback is not good sense on any count. It would mean nothing to the giants of the oil industry whose sales in this country are mostly of foreign oil—at from $10 to $20 per barrel—and old oil which is not affected at all by the rollback.

EFFECTS ON INDEPENDENT PETROLEUM INDUSTRY

But it would have an immediate and crushing impact on the independent petroleum industry. These small operators account for 80 percent of the exploratory wells drilled in this country and they operate some 80 percent of the Nation's 350,000 stripper wells. The annual cost of the rollback to these independents would be an estimated $3 billion—much of which would go to further expand their domestic exploration and drilling operations.

Aside from these direct costs, the rollback would further cripple the independents by reducing their ability to attract outside financing for their operations. A 45-percent reduction in the price they could expect to receive for their product would seriously alter their attractiveness to any investor with money to place in possible profitmaking activities.

This two-pronged attack on the independent petroleum industry would only harm our Nation's energy posture—and deal a crippling blow to an industry that is vital to the economy of Kansas and which is crucial to the energy outlook for every American.

As just one indication of the impact this proposal is already having in Kansas, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a letter I received last week from a businessman in Wichita who performs contract drilling operations for independent oil companies.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

EXHIBIT 1

STICKLE DRILLING CO.,
Wichita, Kans., February 14, 1974.

Senator BOB DOLE,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR DOLE: I would appreciate it if you would read this very brief letter to your colleagues on the Senate floor, and, if you think it is appropriate, have it inserted into the Congressional Record. I request this so that there can be no doubt that all United States Senators are advised of the consequences of rolling back the prices of domestic crude oil.

Stickle Drilling Company makes its income drilling oil and gas wells in the Mid-Continent area of the United States only. In the last ten days we have had two firm commitments to drill for oil and gas revoked because small independent operators said that if the price of crude oil was rolled back as is now being discussed in Congress, they did not think that they would be justified in drilling their wells.

This is a phenomenon that will only last a few weeks and merely points at the tip of the iceberg. During these few weeks we have a firm indication of what is happening when the operators withdraw commitments that they have already given. Later on, of course, they simply do not give out the contracts in the first place.

There is no way to measure the tremendous number of wells that will never be drilled if the price is rolled back, but these decisions to withdraw firm commitments are a positive and clear sign of what a roll back in crude oil prices will do. Of course, we will get a rough measure of the effects of a price roll back in a few years as the shortages of crude oil increase in the United States.

Very sincerely,

R. B. PARRIOTT.

CONCERN IN KANSAS

Mr. DOLE. Mr. President, I do not wish to appear overly concerned with the impact of this proposal only in Kansas. But it is difficult to observe these proposals and the statements of some Senators without becoming concerned for the welfare of my State—as well as the future of our entire Nation.

It is easy for someone from a State which produces no oil or gas to stand up in the Senate and say "roll back the price of oil." They can say this and then go home and tell their constituents of heroic efforts to reduce the prices of gasoline and heating oil and other petroleum products. It is very easy to do this. And it is popular with the folks back home—that is, unless a major segment of your State's economy happens to be the business of finding and producing oil or the people in your State know the difference between irresponsible appeals for publicity and serious efforts to gain more energy for this country. And I assure my colleagues in the Senate that this difference is clearly understood in Kansas.

UNFAIR DEMANDS

What is not so well understood by myself and by other Kansans is how much punishment is going to be inflicted on our State.

First, there is a major call for expanded reserves and production of domestic petroleum.

Second, the Kansas independent oil industry is whipsawed on the prices for its oil.

Next, there is talk that the oil produced in Kansas will be forced out of the State by allocation regulations, so the cars and homes in nonproducing States can be kept supplied.

WANTING IT BOTH WAYS ON ENERGY

Needless to say, the people of Kansas—and quite understandably—are beginning to wonder what is going on. They are beginning to wonder if some in the Senate are not embarked on a campaign to have it both ways on this energy issue. And I wonder myself sometimes.

If one State or region does not want to make a contribution to expanding energy supplies within its borders, that is its business. But I do not believe they should be heard to complain about the incentives offered for those elsewhere to explore for and develop new energy supplies.

The people of Kansas are aware of these attitudes, and I suspect that they are becoming rather tired of hearing people say, "We want you to produce more oil, but we want it all for ourselves and we want it at prices that we like."

The people of Kansas are generous. They do not want their fellow citizens to suffer unnecessary hardships. But the people of Kansas are not stupid, either. And they see little reason for their precious crude oil and natural gas being subjected to punitive pricing regulations and then being forced out of the State to supply people who support policies which work against finding real solutions to our energy problems.

CRUDE OIL PRICE IMPACT ON KANSAS INDEPENDENT PETROLEUM INDUSTRY

As an indication of the effect that higher crude oil prices have had on the Kansas independent oil and gas industry, I would cite the fact that the number of new wells drilled during January 1974 was up some 30 percent over January 1973.

This year, in spite of poor weather and extremely severe shortages of tubular steel goods, 206 new wells were drilled in January, compared to 151 in the same month of 1973.

In addition, the Hughes Tool Co.'s report on the monthly average number of rotary drilling rigs in Kansas shows an increase from 38.8 in January and 19.5 in March 1973 to 41 in January 1974.

Looked at another way, the Kansas impact of the rollback proposed in section 110 of the pending bill is estimated to be in the neighborhood of $85 million. And when divided by a rough average $40,000 cost of drilling a well, this translates into approximately 2,000 wells—wildcat and development—that would not be drilled in Kansas this year.

Many other less concrete examples of

the new price structure's impact in Kansas are to be seen.

One Kansas independent reports that an out-of-State company is entering into partnership with him for the first time to undertake operations in Kansas. Others report new drilling rig purchases, new orders and new plans.

All agree that they would be able and willing to do much more if the steel shortages could be solved.

But overall, I do not believe there is any question that a new spirit and a greatly increased level of activity has resulted in the Kansas independent petroleum industry. Nor is there any doubt that section 110's rollback would be disastrous to this industry and to its efforts at expanding America's oil and gas supplies.

RESPONSIBLE RESTRAINTS NEEDED

I certainly understand the concern of many Americans over the vastly increased prices they have been forced to pay for gasoline, propane, heating oil, and other petroleum products. To most people, these items are not luxuries but absolute essentials in their daily lives. For the elderly, the poor, and all those living on fixed or limited incomes, these price increases have been especially severe and burdensome. So I believe every effort must be made—in a responsible way—to restrain the increases in fuel costs.

As I have said, a wholesale rollback on new and stripper oil is not a responsible approach, because the measures of relief it would provide consumers would not be commensurate with the toll it would take on the independent petroleum industry and on the long-term need of America to expand its energy supplies. One of the fundamental tests that must be applied to any measure in this field—whether an excess profits tax, a price rollback, or any other approach—is whether it is compatible with our additional efforts to provide more energy for America. And in the case of the broad rollback proposed by section 110, the answer clearly is that it would work against these energy-expansion efforts.

LIMITED ROLLBACK

But as I said earlier $10 per barrel is not a magic figure, And I do not believe that all the oil produced in America—or even a major portion of this oil—needs to sell at this price to assure success in our energy campaign. Therefore, I have voiced my support for a limited rollback on new crude oil prices as a means of showing the American consumer that the controllable price structure will not be allowed to run wild. But such a rollback, to reasonable levels which would maintain an adequate incentive for continued exploration and development, would also be an indication—particularly to the independent petroleum industry—that its economic future is not going to be jeopardized by unrealistic and shortsighted congressional action.

My detailed views on this matter were contained in a letter I sent to Mr. William Simon last week, and I ask unanimous consent that the text of the letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

SUPPORT FOR RECOMMITTAL

Mr. DOLE. Mr. President, I do not believe the Energy Emergency Act with the present provisions of section 110 is a constructive or responsible approach to America's energy problems.

I regret that the conference committee has twice failed to come to grips with these problems in a manner which would provide real solutions rather than publicity or partisan advantage.

I will vote to recommit the conference report in the hope and expectation that the conferees will at last arrive at a workable, fair and constructive means for dealing with America's energy needs.

This is an important piece of legislation, and there are strong pressures for its enactment at the earliest possible date. But the stakes in this energy area are too high for us to allow an unwise and harmful measure to become law.

We must have the best possible legislation and the most sound policies to support our efforts to establish America's energy independence. With continued work and sense of serious purpose by the House and Senate, the Energy Emergency Act can come much closer to meeting these necessarily high standards.

EXHIBIT 2

WASHINGTON, D.C.,
February 14, 1974.

Hon. WILLIAM E. SIMON,
Administrator, Federal Energy Administration, Washington, D.C.

DEAR MR. SIMON: I have noted reports that the Federal Energy Office is considering the implementation of a rollback on crude oil prices.

Since the intent of any such action is to provide relief to consumers from the burdensome rise of fuel prices, I would prefer to see a rollback on the end product itself included in your considerations. If this proves unworkable, however, I would support a crude oil rollback, provided it meets two conditions; (1) the rollback be limited to so-called "new and released" oil and not apply to the oil produced by the more than 350,000 stripper wells in America; and (2) such a rollback be reasonable so as to maintain an adequate incentive for increased discovery and production of new domestic petroleum supplies.

While protection for consumer interests may require the imposition of some limitations on new and released oil, it should be kept in mind that greatly expanded supplies of new oil will be necessary to meet America's energy needs from secure domestic sources. Therefore, the return on this oil should be greater than on the "old" oil which requires no risk or significant new expenditures to produce. Some current prices for new oil may exceed the requirements of an adequate incentive, and I should think that a price level in the range of long-term equilibrium price estimates would be appropriate.

In my opinion an uncontrolled free market price should be allowed for stripper oil. The wells currently producing this oil—some 12 percent of domestic output—can only be kept in operation through a price structure which fully justifies the costs of their upkeep and maintenance. But more important, the Senate Finance Committee was told yesterday that a strong price for stripper oil can lead to the reactivation of many abandoned wells and increased production from them of some 250,000 barrels per day. I believe the need to maintain existing stripper production and the hopeful prospect for expanding our domestic production from abandoned wells fully justifies a free market price for stripper oil. And I would urge that this oil, therefore, be exempted from any rollback.

I would appreciate having your comments on the points I have raised and urge that they be taken into consideration as you study petroleum price matters.

BOB DOLE,
U.S. Senate.

Mr. FANNIN. Mr. President, I reserve the remainder of my time.

Mr. JACKSON. Mr. President, I yield 3 minutes to the Senator from Alaska.

Mr. STEVENS. Mr. President, as a member of the conference committee I intend to vote in support of the conference report. It is very important to note that all members of the Public Works Committee and all members of the Commerce Committee who have served on this conference committee have endorsed the report.

I think that many here have overlooked the main problem facing the country, public enemy No. 1 in this Nation. That is the problem of inflation. If there is anything that anyone can do about it, I think we are the ones who ought to try to do something.

I have just returned from a trip around my State. I have traveled around Alaska for 4 weeks since the first of this year. I can tell the Senator that the price of oil in Alaska is $4.09, not $5.25.

Anyone who says it is necessary to have a further increase to bring in more production ought to explain to me why an industry that is investing more money in my State to recover oil is receiving, at the wellhead, a price of $4.09.

We heard from Mr. Fred Hartley before the committee. In his testimony he said that he now is producing 85 percent of his refining capacity. He has had to buy 15 percent of his refinery capacity in the open market. The State of California, asserting its royalty in kind provision, has offered oil at competitive sale with the posted price as the minimum bid allowable. Thus, Mr. Hartley is now paying more money for that oil than the posted price for that area. So, the sale of royalty oil in California results in inflation in the price to consumers.

If we let pricing of oil go up and up and up without justification, and we really need a higher market price to bring in more oil, I do not know why we are building the Alaskan pipeline. We are doing it to bring vast quantities of oil to this country. We will bring in the equivalent of almost 50 million gallons of gasoline a day when we start this pipeline—2 million barrels per day at peak capacity.

I do not think that this is a temporary solution. It is a permanent one. If we had not been delayed in building that pipeline, we would not have this oil crisis in our country today. And there would not be any necessity for legislation of this type—we would have no shortages.

In Alaska, we have a price of $4.09. The price of stripper well oil is now $10.40 a barrel. But Alaskans are not getting any more for our oil today than we were a year ago. Something is wrong when this happens.

I am from an oil State. However, I believe in the national interest, we have to think about inflation. And if someone does not think about it, the people of this country will suffer. We are losing their support in the Congress because we vacillate back and forth.

I hope that the Senate will support the conference report.

Mr. JACKSON. Mr. President, I yield 1 minute to the able and distinguished Senator from New York.

Mr. JAVITS. Mr. President, I had not intended to speak in this debate today. However, I feel in fairness to my colleague from the State of New York that I should point out the reason why I will vote in support of the conference report.

I will do so for two reasons. One reason is that we need finality. We will never know what will happen here unless this measure goes to the President. Even if he vetoes it and it comes back, something worse will happen, because I consider this worse than the last one.

Mr. President, this is a bill I believe cannot be put off any longer. Certainly the conference report contains some troubling provisions but the need for mandatory conservation and rationing authority is so critical that the country cannot be asked to await new legislation and the hazards in its way dealing with these measures.

The conference report has one grave deficiency. The Congress has neither the capability nor the expertise to set prices for crude oil and the conference report does just that—and without the benefit of detailed industry and administration testimony on what price is necessary and what will produce most oil exploration.

Legislation can prevent a runaway price on crude oil from gouging hard pressed consumers and businesses. But that price cannot be rolled back so far that the incentives for increased domestic exploration and production of crude oil are eliminated. And, the rollback in section 110, may even put a damper on the increased exploratory activities already being conducted—mostly by independents and wildcatters.

But there must be a limit to how far we are willing to let the price of oil rise to encourage new production. For, at some point in that price progression the benefits are outweighed by the disadvantages. I am convinced that $7.09, although criticized by industry and administration representatives, is momentarily high enough to provide considerable incentive for new exploration and production.

The administration has suggested that a more attractive price level would be $7.88. Surely, some marginal oil producers will make a greater investment for $7.88 per barrel than for $7.09. But those figures are not really that far apart. If, in fact $7.09 is found to have a limiting effect on new exploration I feel that the Congress will act, via tax legislation to provide special incentives for new domestic production, or through new price control legislation, to insure that producers are given enough incentives to continue their active search for new oil within our borders. American self-sufficiency in oil is a goal we all share and we in the Congress will not forget that our efforts toward that goal are paramount.

I have witnessed the problems that New York residents are experiencing in obtaining the limited supplies of gasoline available. I am convinced that unless some breakthrough is achieved with the oil-producing nations rationing is the only fair alternative to these intolerable burdens. Hence, we need the authority contained in this conference report to provide that necessary alternative. The American people already have waited too long for the Congress to deliver on its promises for that authority and the other mandatory conservation measures included in this report. They are entitled to some measure of finality by the Government. This report contains that finality—which is already long overdue and cannot be shelved for another round of political compromise.

It is for these reasons that I feel justified in supporting the conference report.

Finally, Mr. President, our present problem is inflation. The problem these gentlemen speak of, of discovering more oil, is a very real one, but it is much longer range than the immediate grave danger of inflation and equality of supply. Because I think this bill seeks to strike a blow affirmatively in those two respects, I shall vote for the conference report.

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. JAVITS. I have only 1 minute.

Mr. GRAVEL. Will the Senator tell me where in this bill there is a provision for the ability to increase supply?

Mr. JAVITS. I did not say that. The Senator did not listen to me. I said this deals with inflation and the fairness of distribution.

The VICE PRESIDENT. The time of the Senator from New York has expired.

Mr. GRAVEL. Can the Senator from Arizona yield me 1 minute?

Mr. FANNIN. I yield the Senator a half-minute.

Mr. GRAVEL. I just wish to make one point. We are not dealing with finality, or with a short-term emergency crisis. We have an immediate prospect of at least a 5-year crisis of the proportions we have today. The only way to solve it, today or next year or in 5 years, is by increasing the supply. You can only increase the supply by increasing the cost. It will cost money to bring that supply to the market.

The VICE PRESIDENT. The Senator's time has expired.

Mr. GRAVEL. It is just that simple.

The VICE PRESIDENT. Who yields time?

Mr. FANNIN. I yield 2 minutes to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I think it is important that the people of the United States understand a few facts.

This Nation is very dependent upon oil and gas, because nearly 80 percent of our energy comes from those two sources. This bill will not do one thing to make more oil and gas available in the United States. On the contrary, it will make less available, because in my office we have received over 300 letters and wires, to say nothing about 50 phone calls, from people actually in the business, people who are operating stripper wells, people who know that more oil can be gotten out of the ground if we are willing to pay the price for it, but it is not going to be gotten out of the ground if we roll the price back to a point that is only half of what it is now.

Let us remember this, if we are concerned about jobs. Obviously the Senator from Washington (Mr. JACKSON) is, because he has a provision in this bill for the Federal Government to pick up the unemployment checks in States around the country where unemployment results from the energy crisis, and he certainly should have it because if we pass this bill, we will have that kind of an energy crisis.

The reason we are having unemployment right now is that we did not have enough oil and gas. Let us do more about that problem, and not cut back on these efforts that we have made to augment our production, in order that oil and gas can be available.

The VICE PRESIDENT. The time of the Senator from Wyoming has expired.

Mr. FANNIN. Another minute.

The VICE PRESIDENT. The Senator from Wyoming is recognized for 1 additional minute.

Mr. HANSEN. Mr. President, if we are concerned about unemployment, let us remember there is no better way to bring it about in this country than to put people out of work. You can talk about inflation, but there is one thing worse than inflation, and that is to have people out of jobs.

I say to my friends on both sides of the aisle that it is important that we do not pass this bill. Secretary Simon has said that with the provisions that are in it, the President will be forced to veto it, and he is going to be forced to do that if we do not change it for very good reasons. He is concerned about Americans. He is concerned about our self-sufficiency. He is concerned about the fact that right now we are tools in the hands of the Arabs.

If we want to get back our independence, let us do something about our reserves here, so as not to become further dependent upon the Arab States.

The VICE PRESIDENT. The time of the Senator from Wyoming has expired.

Mr. JACKSON. Mr. President, how much time do I have remaining?

The VICE PRESIDENT. The Senator from Washington has 3 minutes. The Senator from Arizona has 3½ minutes.

Mr. JACKSON. Mr. President, I shall be very brief. I have 3 minutes.

The Senator from Wyoming has clearly and concisely stated the situation when he said that there is something worse than inflation, and that is people out of work.

Mr. President, I think it is very clear throughout the Nation that we have both. We have the most damnable inflation this country has experienced in 27 years. Here is the Wall Street Journal, quoting the administration. I read from today's Wall Street Journal, on page 2.

Not only do we have already a quarter of a million people out of work directly due to the energy crisis, but let me read the administration's own position. Here is the quotation:

The January rise in the wholesale price index—this is with free oil, with no lid on it.

The January rise in the wholesale price index was at an explosive 37.2% seasonally adjusted annual clip, the second biggest jump in 27 years. There were sharp increases in almost every sector of the economy, especially for fuels and foods.

Then they go on:

The administration placed much of the blame for both figures on the energy squeeze. Herbert Stein, chairman of the Council of Economic Advisers, said the price rise, especially for industrial products, was due largely to the higher cost of fuel used to produce goods in recent months.

Then they go on to say:

Fuel-price increases accounted for almost 40% of the rise in industrial commodities in January. Refined petroleum products, for example, soared 7.7%, and crude oil skyrocketed 22%, while coal prices climed 3.6%.

Mr. President, it is obvious that without restraint we can destroy the economic fabric in this Nation. It is happening in Europe, but it does not need to happen in the United States of America. There is no reason why we should adopt the cartel price of the Middle East.

That is the issue before the Senate.

The VICE PRESIDENT. All time of the Senator from Washington has expired.

Mr. FANNIN. Mr. President, I yield 1 minute to the Senator from South Dakota.

Mr. ABOUREZK. Mr. President, the only thing I want to say is that I shall vote against this conference report with the so-called price rollback, because it is not a price rollback, it is a price increase provision being sold as a price rollback. What it will do is allow the President, at his discretion, to raise crude oil prices to $7.09 a barrel, and if anyone would like to make book on when he will do that, I think he will find a lot of takers that he will.

So I shall vote against it, and I urge other Senators to do so, because if we do not get a real rollback instead of this so-called rollback, a lot of people are going to be knocking down the pillars of this Capitol demanding to know why.

Mr. FANNIN. Mr. President, how much time remains?

The VICE PRESIDENT. Approximately 2 minutes.

Mr. FANNIN Mr. President, let us look to the remarks of the man who would have jurisdiction to administer the proposed legislation, Mr. William Simon:

... the provision which would "roll back" the price of all crude oil to an artificially established price creates economic uncertainty ... would have the effect of discouraging production of domestic crude oil at a time when the Administration's policy and the Nation's need is to increase supply.

Here is his comment about the unemployment compensation provision:

An unworkable employment assistance provision is also included in the conference report.

Then he says:

The legislation before the Senate contains authority for HUD and SBA to make low interest loans to homeowners and small businesses to finance insulation, storm windows and heating units. If every eligible homeowner and small businessman took advantage of this section, the government could spend as much as $75 billion on this provision alone. The actual energy savings produced by these vast expenditures would be disproportionately small.

These are just a few of many objectionable features of S. 2589.

I ask unanimous consent that the entire letter of February 19, 1974, from Mr. Simon to the minority leader, Hon. HUGH SCOTT, be printed in the RECORD at this point.

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

THE DEPUTY SECRETARY
OF THE TREASURY,
Washington, D.C., February 19, 1974.

Hon. HUGH SCOTT,
U.S. Senate,
Washington, D.C.

DEAR HUGH: The Energy Emergency Conference Report (S. 2589) before the Senate today contains so many objectionable provisions that the President will have no choice but to veto the bill should it reach his desk in its current form.

We do believe that additional statutory authority is needed in the energy area, and the Energy Act does address several of these areas. We do need the authority to mandate conservation measures. We do want direct authority to institute end use rationing. We do want authority to require conversion of power plants, so that greater use may be made of coal. Finally, we do support changes in the environmental area which the Act also addresses. Nevertheless, in total, the legislation goes far beyond these areas and has so many unworkable provisions and unwarranted controls that it would exacerbate the fuel shortage rather than relieve it.

For example, the provision which would "roll back" the price of all crude oil to an artificially established price creates economic uncertainty and would have the effect of discouraging production of domestic crude oil at a time when the Administration's policy and the Nation's need is to increase supply. We need flexibility in setting prices so that we may be sure that prices will be reasonable to the consumer and yet will stimulate needed investment and increase domestic production. Our experience in administering the crude allocation program has shown how difficult it can be if enough flexibility is not provided by statute. We asked Congress not to require the allocation of crude oil at all levels, but the current law does so and makes administering such a program most difficult.

We must work together to build a strong domestic energy industry so that our country will not be so dependent on foreign sources of crude oil. At the same time, we are concerned that the industry does not profit excessively at the expense of the consumer. I feel the President's "windfall profits" proposal will assure that no one will take advantage of the shortage by unreasonable profits.

Another unworkable portion of the Act is the creation of the Federal Energy Emergency Administration. It contains virtually no administrative authorities, no viable executive structure and no provision for continuity with existing activities under the Federal Energy Office. We prefer enactment of a measure more along the lines of the Energy organization already passed by the Senate and now on the House calendar. We must have the right kind of agency to do the proper job.

An unworkable employment assistance provision is also included in the Conference Report. The states would determine eligibility using vague open-ended guidelines that would make it very difficult to define unemployment due to "the energy crisis." We support the President's unemployment compensation proposals pending before Congress which are workable and reasonable.

The legislation before the Senate contains authority for HUD and SBA to make low interest loans to homeowners and small businesses to finance insulation, storm windows and heating units. If every eligible homeowner and small businessman took advantage of this section, the government could spend as much as $75 billion on this provision alone. The actual energy savings produced by these vast expenditures would be disproportionately small.

These are just a few of many objectionable features of S. 2589. It unfortunately contains very few needed authorities and imposes costly requirements that hinder rather than help deal effectively with the energy shortage. There are some provisions in this bill, such as the requirement for increased reporting of energy data, which are important. However, every one of these provisions is addressed in separate and more reasonable legislation already in the Congressional process.

I know most Senators are eager to be helpful in solving fuel problems, but the Conference Report now before the Senate will have the opposite effect. The President, after careful consideration, has decided that the only reasonable course is for him to veto S. 2589.

With warm personal regards,
Sincerely,

WILLIAM E. SIMON.

Mr. FANNIN. Mr. President, I have also another letter from Mr. Simon which provides the answer as to the effects of section 110 on the price of propane. I ask unanimous consent that the entire letter be printed in the RECORD.

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

FEDERAL ENERGY OFFICE,
Washington, D.C.

Hon. PAUL FANNIN,
U.S. Senate,
Washington, D.C.

DEAR PAUL: Thank you for your inquiry regarding recent FEO actions pertaining to propane prices. I understand many of your colleagues from States which are heavy propane users have been justifiably concerned about the price increases of propane that have taken place over the last several months.

On January 30, 1974, the FEO issued a special propane price rule which limited the amount of costs which refiners can pass through on a dollar-for-dollar basis to propane. Refiners are allowed to increase the price of propane after February 1, 1974, only in direct proportion to the percentage that propane sales represent to total sales over the coming year. The amount this will reduce propane prices will depend on the sales volume of the product and the amount of costs the refiner incurs. Based on current costs and sales volume of a typical company the company's price for propane should be reduced to approximately 15 cents per gallon at the refiner gate and its retail price drop to approximately 30 cents per gallon. This would be a savings of 25% or more for propane consumers.

Because of the urgency of the matter to consumers, on February 14 the FEO conducted a meeting attended by major propane producers at which FEO staff stressed the need for the immediate reduction in propane prices. It was made clear to those attending that FEO was ready to take additional steps if the industry did not voluntarily reduce prices.

Additionally, the attendees were advised that we are conducting an intensive investigation into speculator type transactions and that we would be reviewing purchase records to identify the participants and the source of purchased propane.

The results of our special pricing rule and the meeting with the 26 top refineries are already appearing. Cities Service cut prices 4½¢ a gallon, Shell, oil 4¢ a gallon, Phillips cut propane prices 8½¢ a gallon and is considering an additional decrease this week, Gulf has made a 4.75¢ a gallon decrease and Getty Oil cut prices 2.2¢ a gallon above that which is called for by the regulations. Sun Oil is announcing a decrease tomorrow. Exxon will announce a decrease on March 1st. Skelly Oil has remained at the 10¢ or 11¢ level throughout the program because of the lack of increased costs. Ashland Oil, Atlantic Richfield and Standard of California have informed us they will decrease prices. Other companies have indicated their willingness to make price cuts but have not yet made the calculations on which to base decreases.

Section 110 of the Conference Report on the Emergency Energy Act (S. 2589) which calls for a rollback of crude prices to $5.25 per barrel with a ceiling of $7.09 per barrel would have little impact if any in further reducing the price of propane. We feel that the action we have already taken should be sufficient to protect American consumers who are dependent upon propane. Accordingly, I would hope that you and your colleagues would vote to recommit the Conference Report on the Energy Emergency Act in as much as there is little in it that could further rectify the matter of propane prices.

Sincerely,

WILLIAM SIMON.

Mr. FANNIN. He said that this legislation would be far less effective than many here this afternoon would have us believe. He added:

Accordingly, I would hope that you and your colleagues would vote to recommit the Conference Report on the Energy Emergency Act in as much as there is little in it that could further rectify the matter of propane prices.

So, Mr. President, I move to recommit the conference report on S. 2589 to the conference.

The VICE PRESIDENT. The Senator from Arizona (Mr. FANNIN) has made a motion to recommit the conference report to the conference committee.

Mr. JACKSON. Mr. President, I ask for the yeas and nays on the motion to recommit.

The yeas and nays were ordered.

Mr. ABOUREZK. Mr. President, I have an amendment by way of a substitute for that motion. I move to recommit the conference report S. 2589 with instructions to eliminate section 110 of the conference report, and I ask for the yeas and nays.

Mr. BUCKLEY. Mr. President, I offer an amendment to the amendment just offered by the Senator from South Dakota (Mr. ABOUREZK).

The VICE PRESIDENT. The amendment to the amendment offered by the Senator from South Dakota will be stated.

The assistant legislative clerk read as follows:

Strike the instructions in Abourezk motion and insert instead: "with instructions to strengthen section 110, regarding the prohibition of inequitable prices; by revising section 110 to protect the American consumer of petroleum products by providing for an administrative procedure for the adjustment of domestic crude oil prices to maximize incentives for the exploration and production of increased U.S. petroleum supplies and to avoid the likelihood of increasing U.S. dependence upon high cost and unstable Arab oil; and to make other necessary revisions consistent with the above stated objectives."

Mr. ABOUREZK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from South Dakota will state it.

Mr. ABOUREZK. The motion offered was made by way of a substitute. Is it in order to offer an amendment to that substitute?

The VICE PRESIDENT. The Senator's amendment is in order.

Mr. JACKSON. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GRAVEL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Alaska will state it.

Mr. GRAVEL. What are we voting on?

Mr. McCLELLAN. Mr. President, let the question be stated.

The VICE PRESIDENT. The Chair will state that the Senate is voting on the amendment of the Senator from New York (Mr. BUCKLEY) to the substitute of the Senator from South Dakota (Mr. ABOUREZK).

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may propound a unanimous-consent request.

Several Senators addressed the Chair.

The VICE PRESIDENT. The Senate will please be in order.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, as long as there are going to be a number of rollcall votes back to back, that the first one take up the usual 15 minutes and that the following rollcall votes take up 10 minutes.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Several Senators addressed the Chair.

Mr. GRAVEL. Mr. President, there is still confusion as to what we are voting on. Would the Chair state the issue—the Senator from New York's, the Senator from South Dakota's, and then the prime issue, so that we will know in what sequence the votes will occur?

The VICE PRESIDENT. In response to the request of the Senator from Alaska, the Chair would ask the clerk to read the substitute and then to read thereafter the amendment to the substitute as offered by the Senator from New York (Mr. BUCKLEY).

Mr. GRAVEL. Mr. President, the first vote will occur on what?

The VICE PRESIDENT. The vote on the amendment to the substitute will come first.

The clerk will state the substitute to the motion to recommit and subsequently report the amendment to the substitute as offered by the Senator from New York.

The assistant legislative clerk read as follows:

Strike the instructions in Abourezk motion and insert instead: "with instructions to strengthen section 110, regarding the prohibition of inequitable prices; by revising section 110 to protect the American consumer of petroleum products by providing for an administrative procedure for the adjustment of domestic crude oil prices to maximize incentives for the exploration and production of increased U.S. petroleum supplies and to avoid the likelihood of increasing U.S. dependence upon high cost and unstable Arab oil; and to make other necessary revisions consistent with the above stated objectives."

The VICE PRESIDENT. Will the Senate please be in order? The occupants of the galleries are reminded that they are guests of the Senate and must remain quiet.

Mr. JACKSON. Mr. President, a parliamentary inquiry?

The VICE PRESIDENT. The Senator from Washington will state it.

Mr. JACKSON. If the amendment of the Senator from New York is approved or disapproved, will not the vote then occur on the substitute motion of the Senator from South Dakota?

The VICE PRESIDENT. The Senator from Washington is correct. Whether the substitute is amended or not amended, the next vote will come on the substitute to the motion to recommit.

Mr. JACKSON. Mr. President, a further parliamentary inquiry.

The VICE PRESIDENT. The Senator from Washington will state it.

Mr. JACKSON. Do I correctly understand that the yeas and nays have been ordered on all three—that is, the amendment to the substitute, the substitute, and then with regard to the motion to recommit?

The VICE PRESIDENT. The Senator from Washington is correct.

Mr. ABOUREZK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from South Dakota will state it.

Mr. ABOUREZK. Is it a violation of Senate rules to provide instructions or to require instructions to a conference report on any point not in any original—any of the original bills in either the House or the Senate?

The VICE PRESIDENT. The matter must be related to what is in the conference report, or in either the House or Senate versions as passed by either body.

Mr. ABOUREZK. Then, Mr. President, I make the point of order against the amendment of the Senator from New York (Mr. BUCKLEY), on the ground that the subject of his amendment is not contained in either House or Senate bill and therefore is beyond the scope——

Mr. BUCKLEY. Mr. President—Mr. President——

The VICE PRESIDENT. The Senator from New York is recognized.

Mr. BUCKLEY. I would point out that my substitute is as relevant to section 110 as section 110 is to anything which appears in the legislation as passed by the House or Senate.

The VICE PRESIDENT. The Chair, after reviewing the substitute and the amendment to the substitute, rules that the substitute is in order.

The question is on agreeing to the amendment of the Senator from New York (Mr. BUCKLEY) to the substitute of the Senator from South Dakota (Mr. ABOUREZK).

The assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from Texas (Mr. TOWER) is absent on official business.

I further announce that, if present and voting, the Senator from Texas (Mr. TOWER) would vote "yea."

The result was announced—yeas 37, nays 62, as follows:

[No. 35 Leg.]

YEAS—37

Aiken	Domenici	Long
Baker	Dominick	McClure
Bartlett	Eastland	Montoya
Beall	Fannin	Pearson
Bellmon	Fong	Percy
Bennett	Goldwater	Roth
Bentsen	Gravel	Scott Hugh
Brock	Griffin	Scott, William L.
Buckley	Gurney	Stennis
Cook	Hansen	Taft
Cotton	Helms	Thurmond
Curtis	Hruska	
Dole	Johnston	

NAYS—62

Abourezk	Haskell	Moss
Allen	Hatfield	Muskie
Bayh	Hathaway	Nelson
Bible	Hollings	Nunn
Biden	Huddleston	Packwood
Brooke	Hughes	Pastore
Burdick	Humphrey	Pell
Byrd, Harry F., Jr.	Inouye	Proxmire
Byrd, Robert C.	Jackson	Randolph
Cannon	Javits	Ribicoff
Case	Kennedy	Schweiker
Chiles	Magnuson	Sparkman
Church	Mansfield	Stafford
Clark	Mathias	Stevens
Cranston	McClellan	Stevenson
Eagleton	McGee	Symington
Ervin	McGovern	Talmadge
Fulbright	McIntyre	Tunney
Hart	Metcalf	Weicker
Hartke	Metzenbaum	Williams
	Mondale	Young

NOT VOTING—1

Tower

So Mr. BUCKLEY's amendment to Mr. ABOUREZK's substitute was rejected.

The VICE PRESIDENT. The question recurs on the substitute offered by the Senator from South Dakota. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from Texas (Mr. TOWER) is absent on official business.

I further announce that, if present and voting, the Senator from Texas (Mr. TOWER) would vote "yea."

The result was announced—yeas 37, nays 62, as follows:

[No. 36 Leg.]

YEAS—37

Abourezk	Domenici	McClure
Aiken	Dominick	McGee
Bartlett	Eastland	Montoya
Beall	Fannin	Pearson
Bellmon	Fong	Percy
Bennett	Goldwater	Roth
Bentsen	Gravel	Scott, Hugh
Brock	Gurney	Scott, William L.
Buckley	Hansen	Stennis
Cook	Helms	Taft
Cotton	Hruska	Thurmond
Curtis	Johnston	
Dole	Long	

NAYS—62

Allen	Hartke	Moss
Baker	Haskell	Muskie
Bayh	Hatfield	Nelson
Bible	Hathaway	Nunn
Biden	Hollings	Packwood
Brooke	Huddleston	Pastore
Burdick	Hughes	Pell
Byrd, Harry F., Jr.	Humphrey	Proxmire
Byrd, Robert C.	Inouye	Randolph
Cannon	Jackson	Ribicoff
Case	Javits	Schweiker
Chiles	Kennedy	Sparkman
Church	Magnuson	Stafford
Clark	Mansfield	Stevens
Cranston	Mathias	Stevenson
Eagleton	McClellan	Symington
Ervin	McGovern	Talmadge
Fulbright	McIntyre	Tunney
Griffin	Metcalf	Weicker
Hart	Metzenbaum	Williams
	Mondale	Young

NOT VOTING—1

Tower

So the substitute motion offered by the Senator from South Dakota (Mr. ABOUREZK) was rejected.

The VICE PRESIDENT. The question recurs on the motion to recommit offered by the Senator from Arizona (Mr. FANNIN). The yeas and nays have been ordered. The clerk will call the roll.

Mr. FANNIN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Arizona will state it.

Mr. FANNIN. That is a motion to recommit the conference report without instructions. Is that correct?

The VICE PRESIDENT. The Senator from Arizona is correct. It is a motion to recommit the conference report without instructions.

Mr. FANNIN. I thank the Chair.

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SPARKMAN. Mr. President, on this vote I have a live pair with the Senator from Texas (Mr. TOWER). If he were present and voting he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. GRIFFIN. I announce that the Senator from Texas (Mr. TOWER) is absent on official business.

The pair of the Senator from Texas (Mr. TOWER) was previously announced.

The result was announced—yeas 38, nays 60, as follows:

[No. 37 Leg.]

YEAS—38

Abourezk	Domenici	McGee
Aiken	Dominick	Montoya
Bartlett	Eastland	Pearson
Beall	Fannin	Percy
Bellmon	Fong	Roth
Bennett	Goldwater	Scott, Hugh
Bentsen	Gravel	Scott, William L.
Brock	Gurney	Stennis
Buckley	Hansen	Taft
Byrd, Harry F., Jr.	Helms	Thurmond
Cotton	Hruska	Weicker
Curtis	Johnston	
Dole	Long	
	McClure	

NAYS—60

Allen	Church	Hatfield
Baker	Clark	Hathaway
Bayh	Cook	Hollings
Bible	Cranston	Huddleston
Biden	Eagleton	Hughes
Brooke	Ervin	Humphrey
Burdick	Fulbright	Inouye
Byrd, Robert C.	Griffin	Jackson
Cannon	Hart	Javits
Case	Hartke	Kennedy
Chiles	Haskell	Magnuson
Mansfield	Muskie	Schweiker
Mathias	Nelson	Stafford
McClellan	Nunn	Stevens
McGovern	Packwood	Stevenson
McIntyre	Pastore	Symington
Metcalf	Pell	Talmadge
Metzenbaum	Proxmire	Tunney
Mondale	Randolph	Williams
Moss	Ribicoff	Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Sparkman, against

NOT VOTING—1

Tower

So the motion to recommit was rejected.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the motion to recommit was rejected.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President, I ask for the yeas and nays on final passage.

The VICE PRESIDENT. Is there a sufficient second [putting the question]? There is a sufficient second. The yeas and nays are ordered.

The question is on agreeing to the conference report. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. GRIFFIN. I announce that the Senator from Texas (Mr. TOWER) is absent on official business.

I further announce that, if present and voting, the Senator from Texas (Mr. TOWER) would vote "nay."

The result was announced—yeas 67, nays 32, as follows:

[No. 38 Leg.]

YEAS—67

Aiken	Hartke	Muskie
Allen	Haskell	Nelson
Baker	Hathaway	Nunn
Bayh	Hollings	Packwood
Bible	Huddleston	Pastore
Biden	Hughes	Pearson
Brooke	Humphrey	Pell
Burdick	Inouye	Proxmire
Byrd, Harry F., Jr.	Jackson	Randolph
Byrd, Robert C.	Javits	Ribicoff
Cannon	Johnston	Schweiker
Case	Kennedy	Scott, Hugh
Chiles	Long	Sparkman
Church	Magnuson	Stafford
Clark	Mansfield	Stevens
Cook	Mathias	Stevenson
Cranston	McClellan	Symington
Eagleton	McGovern	Talmadge
Ervin	McIntyre	Tunney
Fulbright	Metcalf	Weicker
Griffin	Metzenbaum	Williams
Hart	Mondale	Young
	Moss	

NAYS—32

Abourezk	Domenici	Hruska
Bartlett	Dominick	McClure
Beall	Eastland	McGee
Bellmon	Fannin	Montoya
Bennett	Fong	Percy
Bentsen	Goldwater	Roth
Brock	Gravel	Scott, William L.
Buckley	Gurney	Stennis
Cotton	Hansen	Taft
Curtis	Hatfield	Thurmond
Dole	Helms	

NOT VOTING—1

Tower

So the conference report was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. RANDOLPH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THIRD UNITED NATION'S LAW OF THE SEA CONFERENCE—APPOINTMENT BY THE VICE PRESIDENT

The VICE PRESIDENT. The Chair appoints the Senator from Louisiana (Mr. JOHNSTON) to attend the Third United Nation's Law of the Sea Conference, to be held in Caracas, Venezuela, on June 20 through August 29, 1974.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

REPORT ON LOCATION OF NEW FEDERAL OFFICES AND OTHER FACILITIES—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER. (Mr. STEVENS) laid before the Senate a message from the President of the United States, which, with the accompanying report, was referred to the Committee on Agriculture and Forestry. The message is as follows:

To the Congress of the United States:

I am transmitting today the third annual report on the location of new Federal offices and other facilities in rural areas of America.

The enactment of the Rural Development Act of 1972 has further strengthened the Federal Government's commitment toward raising the economic level of rural America. This Administration strongly supports this objective of making rural America a better place to work and enjoy life by providing financial and technical assistance to rural communities.

This report reflects the efforts of all executive departments and agencies in giving first priority to locating their new offices and other facilities in rural areas as required by the Agricultural Act of 1970.

Our efforts this past fiscal year have resulted in the placing of 51.8 percent of the newly located offices and other facilities in rural areas. This accomplishment substantiates the support of this Administration in attaining this Nation's objective of balanced and beneficial growth.

RICHARD NIXON.

THE WHITE HOUSE, *February 19, 1974.*

PROPOSED ECONOMIC ADJUSTMENT ACT OF 1974—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER (Mr. STEVENS) laid before the Senate a message from the President of the United States, which, with the accompanying paper, was referred to the Committee on Public Works. The message is as follows:

To the Congress of the United States:

The industrialization of America is essentially a story of change and progress. For most communities, that change is usually beneficial, enhancing general prosperity. But for some, adjustment to change can be difficult. As new developments unfold in energy, defense needs, technology, and international trade, some areas of the country will inevitably suffer transitional pains even as the Nation as a whole is benefiting.

There are now over 400 areas in the country which have experienced chronic unemployment and low income levels, despite a general increase in national prosperity. In these depressed areas it is also not unusual to find inadequate educational and health arrangements as well as substandard housing.

For nearly a decade, the programs of the Economic Development Administration and the Regional Action Planning Commissions have been attempting to alleviate economic distress and restore economic viability to these chronically distressed areas. Last year I proposed to terminate the programs of EDA, and remove the Federal role in the decision-making process of the Title V Regional Commissions, because those programs had not been effective. Subsequently I agreed with the Congress to continue those programs for one more year while we reexamined the problems and the ability of current and proposed Federal programs to deal with the problems.

The study, conducted over the last several months by the Department of Commerce and the Office of Management and Budget, was completed and transmitted to the Congress on February 1, 1974. It concludes that:

—Current economic development programs fail to provide adequate assistance for eocnomic change *before* the changes have done serious damage to the viability of recipient communities;

—The project-by-project allocation of Federal assistance results in dispersion of available resources in amounts too small to do much lasting good, and it also fails to encourage a comprehensive and planned multi-level government and private response to the problems of economic adjustment;

—There is a need for a more effective form of Federal assistance to permit States and communities to develop comprehensive and targetted adjustment efforts.

If new economic opportunities can be developed in an area before labor, capital, and hope are dispersed, the normal rhythm of economic life can be maintained. We can then avoid the enormous outlays for economic assistance that are required to help distressed areas, and we can prevent the irretrievable loss of resources that occurs in spite of this assistance.

THE ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM

Based upon our experiences with current programs and the conclusions of the recent Government study, I believe it is time to revamp our approach to adjustment assistance.

I am, therefore, sending to Congress today my proposal for an Economic Adjustment Act. This measure is designed to help States and communities provide smoother and more orderly adjustment to economic changes and limit the number of new distressed areas. It will also permit more effective long-range areas to overcome the problems of areas now suffering from economic distress.

By granting State and local officials greater flexibility in the way they spend Federal funds within distressed areas, it is our hope that they will have greater success in reducing unemployment and raising general income levels in those areas.

Although this act is not intended as an emergency measure just to deal with dislocations caused by the energy crisis, it could serve as an extremely important tool for States and communities in responding to energy problems. This proposal, along with my recent proposal for extending unemployment insurance benefits for individuals in areas heavily impacted by energy problems would help reduce hardships while adjustment efforts are pursued.

RETURNING DECISIONMAKING TO THE STATES AND COMMUNITIES

A primary goal of the proposed act is to return to States and communities the principal responsibility for deciding how to use the proposed Federal assistance to achieve program objectives. If this assistance is to be used to maximum advantage, the decisions must rest with State and local officials who are in the best position to understand their needs.

In order to return this responsibility to the States and communities, a minimum of 80 percent of the funds available under the act would be automatically allocated to States on the basis of a formula that would recognize the needs of the States and communities for assistance. The formula would take into account unemployment levels, population dispersal, income levels, and other factors. The remaining funds would be allocated to States on a discretionary basis to meet special needs arising from State, regional or local problems, or from Federal actions such as closing of large Federal installations. The funds allocated to a State would automatically be made available to the State upon preparation and approval of a general State plan which specifies the target areas selected for economic adjustment and the general objectives planned for each area.

Because the money would be given to the States as a block grant, the States could apply it to only one or a few problem areas, with each project getting enough money to make a difference. By contrast, much of the EDA funding has been dispersed in smaller amounts for many different projects, thereby making it difficult to develop a comprehensive effort to overcome the problems of any area. Furthermore, under the new program, States should be able to apply funds to areas before economic distress becomes acute.

This approach would also maximize State and local responsibility for planning and carrying out economic adjustment efforts, while providing assurance that the funds are being used to pursue national objectives. It would permit

States, and adjustment areas within States, to develop and put into effect their economic adjustment plans in conjunction with related programs such as those under the recently enacted Comprehensive Employment and Training Act, the Rural Development Act, and the proposed Better Communities Act. States and communities could also conduct more rational planning for economic adjustment because they would have a better understanding of the amount of Federal resources which would be available to them for that purpose. And they would no longer design programs on the basis of what States and local governments think Washington wants, rather than what they themselves need.

STRENGTHENING REGIONAL PLANNING AND COORDINATION

The Economic Adjustment Act would authorize interstate compacts to permit States to work together on common adjustment efforts. States which participate in multi-State economic adjustment organizations could use funds allocated under the act for joint adjustment efforts, including administrative costs and planning activities of the regional organization. Regional organizations could participate in the development of the plans of the member States to assure that the State plans reflect any regional adjustment needs.

The principal Federal authority and responsibility under the act would be given to ten Federal Regional Administrators, one in each Standard Federal Region. The Federal Regional Administrators would have responsibility for reviewing State plans, obligating funds to the States, and evaluating performance by the States in using the funds.

The Federal Regional Administrators have the responsibility of working closely with the Federal Regional Councils in each Federal region to help assure improved coordination among the many Federal programs which affect economic activities in an area or region. I plan to request the Secretary of Commerce to carry out the central Federal administrative and policy responsibilities under the act.

TRANSITION PERIOD PROPOSED

The Economic Adjustment Assistance Program would replace the programs now conducted by the Economic Development Administration and the Regional Action Planning Commissions. Although current authority for those programs is now due to expire at the end of this fiscal year, I am prepared to accept legislation to extend that authority for the purpose of providing for an orderly transition to the new Economic Adjustment Assistance Program.

With the expectation that the Congress will provide the required legislation for the new program and will extend the programs of EDA and the Regional Commissions, my budget for fiscal year 1975 includes funding for EDA and the Title V Commissions at a level of $205 million. The budget also includes an additional $100 million as initial funding for the new act. This will provide a total of $305 million for these programs in fiscal year 1975, an increase of nearly $50 million over the 1974 levels.

The concerns and suggestions of Members of Congress have played a major role in shaping this legislative proposal. I hope that the dialogue between the Congress and the executive branch will continue as the Congress considers this proposal.

The Economic Adjustment Act can provide the basis for an important improvement in the ability of our States and communities to adjust to economic changes and prevent unnecessary distress and hardship. By helping to raise employment and income levels for some Americans, it can improve the quality of life for all Americans.

RICHARD NIXON.

THE WHITE HOUSE, *February 19, 1974.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 10203) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

The message also announced that the House insisted upon its amendment to the amendment of the Senate numbered 3 to the bill (H.R. 6186) to amend the District of Columbia Revenue Act of 1947 regarding taxability of dividends received by a corporation from insurance companies, banks, and other savings institutions, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DIGGS, Mr. FRASER, Mr. DELLUMS, Mr. REES, Mr. ADAMS, Mr. NELSEN, Mr. HARSHA, and Mr. BROYHILL of Virginia were appointed managers on the part of the House at the conference.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, appoints the Senator from Massachusetts (Mr. KENNEDY) to attend the Diplomatic Conference on the Reaffirmation and Development of International Humanitarian Law Applicable in Armed Conflicts of the International Committee of the Red Cross, to be held in Geneva, Switzerland, February 20 through March 29, 1974.

LEAVE OF ABSENCE FOR SENATORS HUGH SCOTT AND MANSFIELD

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that I may be extended leave of absence for the remainder of the week on official business.

The PRESIDING OFFICER (Mr. CURTIS). Without objection, it is so ordered.

Mr. MANSFIELD. I make the same request.

The PRESIDING OFFICER. Without objection, it is so ordered.

NO-FAULT INSURANCE

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial entitled "A Chance for Auto Insurance Reform", published in the Washington Post of Saturday, February 9, 1974.

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

A CHANCE FOR AUTO INSURANCE REFORM

When people buy automobile insurance, they like to believe that their hefty premiums are purchasing them financial protection in the event of an accident—that the money they spend is for something called "coverage." Yet more and more Americans are finding out that a disproportionate amount of their car insurance dollars is wasted on a system that doesn't really protect them the way it should. Instead of getting swift, direct compensation at a justifiable cost, they are running into needless, time-consuming litigation, red tape and unfair payoffs.

In 1972, for example, the nation's motorists paid premiums of $8 billion merely for auto personal injury liability insurance. They got back only $3.36 billion, however, according to the Senate Antitrust Subcommittee staff. Of the $4.6 billion that they did not get back, lawyers' fees accounted for $1.4 billion. Moreover, the system of lawsuits and negotiation often results in overcompensation for small losses and undercompensation for large losses.

In fact, the auto insurance system in most states isn't really designed to deal with accidents in the real sense of the word: its is concerned instead with the expensive, cumbersome business of identifying—or arguing over—fault in vehicular mishaps. That is why the no-fault approach—whereby insurance companies pay for losses without regard to who caused the damages—has become an increasingly popular issue with consumers as well as insurance companies.

Last week, the reform movement for a federal no-fault insurance law gained new momentum in the Senate, where foes of a pending bill had based much of their opposition on constitutional arguments. In a 154-page opinion, former Solicitor General of the United States Erwin N. Griswold termed the Senate legislation "constitutional, both overall and with respect to each of its provisions." He concluded that "Congress has the power to enact a national no-fault automobile insurance statute."

Mr. Griswold said the authority lies in clauses of the Constitution that empower Congress to regulate interstate commerce, to build public roads and to make all "necessary and proper" laws to execute its powers. The former solicitor general also responded to arguments that a no-fault system deprives people of their common-law right to sue in court for injury caused by the negligence of others. He noted that the Supreme Court had found that the Constitution did not forbid the creation of new rights or the abolition of old ones recognized by common law to attain a permissible legislative objective.

In addition, according to the opinion, there is precedent: Many workmen's compensation acts totally abolished the common law rights of employees to recover for pain and suffering. The Senate's bill merely eliminates this claim in relatively minor cases. Mr. Griswold argued that the legislation actually provides a

broader remedy, since it calls for "basic protection without fault, while at the same time allowing additional recovery for the more serious losses resulting from negligence."

In effect, then, the Senate bill would give people the right to recover directly for damages instead of merely the right to *sue* to recover. It would not eliminate lawsuits in serious cases; they would still be permitted when loss exceeded basic benefit limits. Suits for "non-economic detriment"—which is to say, intangible losses—would be permitted only if an accident victim died, suffered serious and permanent disfigurement or injury or suffered more than six continuous months of total disability. These suits would be subjected to a $2,500 deductible, however.

Not only is this a more sensible, efficient and fair system for compensating losses, there is considerable evidence that it would result in lower premiums. One cost study received by the Senate Commerce Committee shows that any plan complying with the standards of S. 354, the Senate bill, would result in significant savings in the average personal injury premium (20 per cent for the District and West Virginia, 10 per cent for Maryland and 5 per cent for Virginia). The study has been analyzed by a joint group of actuaries from three insurance groups—including two major groups that oppose the bill.

The approach to no-fault embodied in S. 354 is important, too, for it is not an attempt to "federalize" insurance systems in the states. Instead, the legislation provides a framework in which each state could proceed to enact no-fault programs—a job that state legislatures controlled by trial lawyers have been slow to take on. The bill would allow states to regulate insurance, set rates and oversee procedures for claims and litigation.

Indeed, S. 354 grows out of years of exhaustive studies and hearings, and it has won important support from the nation's largest auto insurer, State Farm Mutual, which retained Mr. Griswold, as well as the American Insurance Association. Last year, the Senate Commerce Committee approved the bill by a 15-to-3 vote. Now the legislation, under the main sponsorship of Sen. Warren G. Magnuson (D-Wash.) and Philip A. Hart (D-Mich.), is before the Judiciary, with assurances that this committee will permit it to come to a vote.

We believe that S. 354 offers a sound formula for reforming America's auto insurance mess, and that reasonable members of the Senate and House recognize the need to do something about it this year—to end the frustration and discontent of auto insurance buyers as well as accident victims.

SENATE RESOLUTION 286—SUBMISSION OF A RESOLUTION TO INCREASE THE SUMS ALLOTTED TO THE SENATE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

Mr. ERVIN. Mr. President, on behalf of the Senator from Tennessee (Mr. BAKER) and myself, and at the request of all of the members of the Senate Select Committee on Presidential Campaign Activities, I wish to present two resolutions to the Senate, and I might add these matters have been cleared by the leadership on both sides of the aisle.

Mr. President, I ask unanimous consent that I may submit on behalf of myself and the distinguished Senator from Tennessee (Mr. BAKER), and have referred directly to the Committee on Rules and Administration, a resolution to increase the sums allotted to the Senate Select Committee by $300,000.

For the information of the Senate, I ask unanimous consent to have a copy of the resolution printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. CURTIS). The resolution will be received and referred to the Committee on Rules and Administration; and, without objection, the text of the resolution will be printed in the RECORD.

The text of the resolution, Senate Resolution 286, is as follows:

S. RES. 286

Resolution to increase the sums allotted to the Senate Select Committee on Presidential Campaign Activities

Resolved, That the first sentence of section 6 of Senate Resolution 60, which was adopted on February 7, 1973, is hereby changed to read as follows: "The expenses of the select committee through May 28, 1974, under this resolution shall not exceed $1,800,000, of which amount not to exceed $70,000 shall be available for the procurement of the services of individual consultants or organizations thereof."

SENATE RESOLUTION 287, TO EXTEND UNTIL MAY 28, 1974, THE TIME OF THE SENATE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES, WHICH WAS CREATED BY SENATE RESOLUTION 60, FOR MAKING ITS FINAL REPORT AND RECOMMENDATIONS TO THE SENATE

Mr. ERVIN. Mr. President, I send forward to the desk on behalf of the distinguished Senator from Tennessee (Mr. BAKER) and myself, and other members of the select committee, a resolution, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HART). The resolution will be stated.

The assistant legislative clerk read as follows:

S. RES. 287

Resolution to extend until May 28, 1974, the time of the Senate Select Committee on Presidential Campaign Activities, which was created by Senate Resolution 60, for making its final report and recommendations to the Senate

Resolved, That the first sentence of section 5 of Senate Resolution 60 be amended to read as follows:

"The Select Committee shall make a final report of the results of the investigation and study conducted by it pursuant to this resolution, together with its findings and recommendations as to new congressional legislation it deems necessary or desirable, to the Senate at the earliest practicable date, but no later than May 28, 1974."

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. ERVIN. Mr. President, I should like to state the purpose of the resolution. The select committee has been requested by the Special Prosecutor not to file a committee report at this time, which would be made public, because he anticipates that the grand jury, which has been investigating the Watergate affair, will return as true bills a number of indictments during this month.

The Special Prosecutor has pointed out that any public report from the committee making any reference to these matters, might tend to prevent the immediate consideration of the indictments and the trial of cases based on them.

In addition to that, we have postponed hearings set in January, at the request of the U.S. district attorney for the Southern District of New York. He asked the committee to postpone the hearings because he felt it might prejudice the trial of the case against Mitchell and Stans now pending in the U.S. District Court for the Southern District of New York, a trial which was begun today.

I would like to state further that there has been quite a change in circumstances between the time we scheduled the last hearings, which were postponed in January, and the present moment.

At that time it appeared that the House Judiciary Committee which is investigating impeachment resolutions, was not organized to go forward with that matter. The converse is true now. It appears that the committee now has assembled a staff, that the House has adopted a resolution, giving it broad powers of subpena, and that it is prepared to go forward immediately with this investigation.

Furthermore, it appears from the statement made by the Special Prosecutor that the courts are ready to move in this matter at this time, a condition of which we had no knowledge in January.

The committee had a meeting today in which it recognized the change in circumstances and reached the conclusion that the committee should not conduct public hearings which might impede the investigation by the House Judiciary Committee or the trial of the cases in the courts.

So the committee voted not to conduct further public hearings. The committee voted further to complete the hearings now in progress in executive sessions and to delay making public the evidence it has obtained until a date when it will not interfere with the actions of either the House Judiciary Committee or the actions of the courts.

We reserve the right to open public hearings if some unprecedented and novel evidence would be developed, which we have no reason to anticipate at this time.

The committee wants to complete the hearings now in progress in executive sessions, as authorized by the resolution adopted by the Senate. It wishes to have no further public hearings and to proceed with the writing of its report and a consideration of its recommendations to the Senate.

It also agreed to appeal the ruling by Judge Gesell in the District Court to the U.S. Court of Appeals for the District of Columbia simply because we do need a file of tapes we are seeking, in order to pass upon the credibility of some of the witnesses. We feel that there is a great constitutional question involved, in that Judge Gesell held in effect that the committee was entitled to the tapes but that the court had the discretionary power to withhold them at this time in

order to prevent prejudice in trials in the courts.

The committee feels that a congressional committee would be subordinated by this opinion to the judicial branch of the Government and, the Senate would thereby be deprived of some of its powers.

The Select Committee appreciates the fine cooperation it has received from the Senate, and particularly from the majority leader, and the fine cooperation we have had from the majority and minority members of the committee and the majority and minority staff.

I have every reason to believe that if we adopt the resolution, we can proceed by the 28th of May to make our final report with findings and recommendations for legislation by the Senate. For that reason, I hope the Senate will adopt the resolution.

Mr. MANSFIELD. Mr. President, the Senator has really answered all the questions I am about to propound, but I think that what the chairman of the Select Committee on Watergate and related matters has said should be emphasized.

It was the intent of the committee that had it been allowed to do so, it would have completed its work and gone out of existence on the 28th of February?

Mr. ERVIN. The Senator is correct.

Mr. MANSFIELD. The reason the 3 months' extension has been asked for is that Mr. Leon Jaworski, the Special Prosecutor, requested the committee to do so, because he believed that not to have done so would have interfered with the indictments he is preparing.

Mr. ERVIN. That is exactly correct.

Mr. MANSFIELD. It is not the intention of the committee to hold televised or public hearings unless extraordinary circumstances develop?

Mr. ERVIN. That was the decision reached by the committee today.

Mr. MANSFIELD. It is the intent of the committee, as of now, barring something unforesen, to go out of existence definitely on May 28?

Mr. ERVIN. That is correct.

Mr. MANSFIELD. The reason is that the Special Prosecutor, Mr. Leon Jaworski, is working with expeditious movements in many of his responsibilities to some sort of conclusion, and it has been indicated that indictments will be submitted this month or next, and that this matter will be in the courts, where the President said it should be. With that statement, I agree, because all that the Senate Watergate Committee can do is to make recommendations to the Senate and turn over its evidence and make recommendations. Is that not correct?

Mr. ERVIN. That is correct.

Mr. MANSFIELD. Furthermore, the House Judiciary Committee is conducting an inquiry into the possibility of impeachment; and that takes the burden, at least in part, off the Watergate Committee, and makes it possible, with good grace, to make an exit?

Mr. ERVIN. Yes; that is the difference today which has arisen since the first of the year. At that time we had scheduled hearings for January. We had no assurance that the Special Prosecutor would take the action he has.

Also, at that time the House Judiciary Committee had not organized itself to conduct impeachment hearings. Since that time, those conditions have changed, and it seems to me that we should not have further public hearings which could interfere with either the courts or the House Judiciary Committee or delay beyond May 28, 1974, the Select Committee's report and recommendations.

Mr. MANSFIELD. I wish to thank the Senator from North Carolina, because I think the record should be made clear.

If the Senator will allow me just a minute more, speaking of the resolution which is now before the Senate, does it contain anything in the way of subpena powers?

Mr. ERVIN. It only extends the resolution to May 28. It leaves us with subpena powers.

Mr. MANSFIELD. It leaves the committee with subpena powers?

Mr. ERVIN. Yes.

Mr. MANSFIELD. Does the chairman of the committee anticipate that those powers will be used?

Mr. ERVIN. Only to complete the investigation we have started, and that would be done in executive session.

Mr. MANSFIELD. Does a serving of a subpena require a majority of the committee, or can it be done by any one member of the committee?

Mr. ERVIN. Under the working agreement with the committee, subpenas are issued either on the order of the committee or by consent of the chairman and the vice chairman.

Mr. MANSFIELD. So it would not be allowable for an individual member to so act in the serving of a subpena, solely in his own person?

Mr. ERVIN. Only the chairman or vice chairman, acting with the consent of the other, can issue a supena.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. ROBERT C. BYRD. Under the original resolution, the committee had 3 months following the date of February 28 to wind up the affairs of the committee, the business of the committee.

Mr. ERVIN. Yes.

Mr. ROBERT C. BYRD. Under the resolution that is being submitted today, does this mean that the committee will have an additional 3 months beyond the date of May 28?

Mr. ERVIN. Yes; as I construe it, this would only change the date of the report. Otherwise, the resolution would stay in effect. But I assure the Senator that it is the desire of every member of the select committee to complete this matter entirely, if it is humanly possible, by the 28th of May and to put an end to its activities at that time.

Mr. ROBERT C. BYRD. So the enactment of this resolution will not automatically extend beyond May 28 an additional 3 months for the winding up of the business of the committee?

Mr. ERVIN. It would do that, because it changes the original resolution, as I construe it, in only one respect, and that is in changing the date of the report.

Mr. ROBERT C. BYRD. So the date for the final report will be May 28?

Mr. ERVIN. That is what we hope.

Mr. ROBERT C. BYRD. And then there will be 90 days in addition for a final windup of the business of the committee?

Mr. ERVIN. That is right; but not to hold hearings or anything like that in those 90 days.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. GRIFFIN. I just want the RECORD to indicate that, as the distinguished chairman has indicated, the resolution now before the Senate does have the approval of the minority members of the committee and is cosponsored by the ranking minority member, the Senator from Tennessee (Mr. BAKER).

Mr. ERVIN. I might state that this is pursuant to a policy statement of the committee adopted today, with only one dissenting vote. It was adopted by a vote of 6 to 1. The dissenting vote was by the distinguished Senator from Florida. He dissented on the grounds that he thought the hearings should end immediately, and that the committee should proceed with the writing of its report and making its recommendations immediately.

Mr. GRIFFIN. Mr. President, since the so-called Watergate Committee has complied with the request of Mr. Jaworski not to file its report on February 28 as originally scheduled, it does seem to be in order that the date for filing of the report will have to be postponed by some action of the Senate. The resolution before the Senate would postpone that date for 3 months.

I also wish to take note of the fact that the distinguished chairman has asked that another resolution, calling for an additional $300,000 for the committee, be referred to the Committee on Rules and Administration, where the amount of money could be scrutinized by the appropriate committee under its jurisdiction. I think that is most appropriate. The approval of this resolution, recognizing the need to extend the life of the committee, would not necessarily carry with it, I am sure it could be noted, the automatic approval that an additional $300,000 would be needed. At least, that might be the view of some Members. I think the opportunity for the Rules Committee to take a look at that request is most appropriate.

With those observations, I indicate that, so far as the leadership on this side of the aisle is concerned, there is no objection.

Mr. HELMS. Mr. President, I should like to direct a question to the distinguished Senator.

How much money has the Watergate Committee cost thus far?

Mr. ERVIN. It has had appropriated to it $1.5 million.

Mr. HELMS. And this additional sum sum would make it $1.8 million?

Mr. ERVIN. Yes.

Mr. HELMS. I thank the distinguished Senator.

The PRESIDING OFFICER (Mr. METZENBAUM). The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I wish the RECORD to show that I

voted "No" on the adoption of the resolution.

The PRESIDING OFFICER. The RECORD will so indicate.

NATIONAL OCEAN POLICY STUDY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 660.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 222) to authorize a national ocean policy study.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Commerce with amendments on page 3, line 6, after the word "national", strike out "oceans" and insert "oceans"; in line 23, after the word "competitive", strike out "oceans" and insert "ocean"; on page 4, line 15, after the word "assessing", insert "national growth policy needs"; on page 5, line 6, after the word "Senate", strike out "having jurisdiction" and insert "with a jurisdictional interest over specific elements of this study"; in line 8, after the word "amended", strike out "over specific elements of the study authorized in section 1"; in line 15, after the word "chairman", strike out "and" and insert "or"; at the beginning of line 18, insert "for the purposes of this study"; in line 23, after the word "this", strike out "resolution" and insert "study"; and, on page 6, after line 2, strike out:

SEC. 4. For the purpose of this resolution the Committee on Commerce is authorized to expend, through February 28, 1975, from the contingent fund of the Senate, a sum not to exceed $200,000.

Mr. HOLLINGS. Mr. President, it is with distinct pleasure that I call up for approval by the Senate today Senate Resolution 222 authorizing a national ocean policy study by the Committee on Commerce. A study of our Nation's needs and how they can be met, in whole or in part, from the vast resources of the oceans is long overdue.

Sixty Members of the U.S. Senate have joined together in supporting this resolution. Personally, I am unaware of any similar undertaking which has received such a broad, bipartisan outpouring of assistance from the leadership of both parties and from all of the chairmen of the standing committees of the Senate. Senator WARREN G. MAGNUSON, chairman of the Committee on Commerce, and principal author of the resolution, is to be personally commended for his continuing tireless leadership on matters of ocean policy.

It is a matter of history that recent administration budget policies and priorities have had a serious impact on our Nation's effort to achieve a sound oceans policy and program. During the past 5 years, and to a certain extent during the previous administration as well, it has been congressional initiative which has maintained the identification of ocean policy as an important national goal. Of course, economic and political necessity would seem to demand that the United States be a major world ocean power. Congressional policy has always supported such thinking. But in the past few years, we have developed a "no-policy policy" toward the oceans and coastal areas. Such a lack of policy has had disastrous results, not only in the all-important field of coastal zone management, but in reduction of valuable stocks of fish, deterioration of water quality in the ocean, and inaccessibility to raw materials.

Our present energy crisis can be blamed partly on our refusal to develop an adequate national policy toward the oceans. The sea can, indeed, be an important source, not only of petroleum, but of new types of energy. But frankly, too few of our Nation's leaders have been aware of the promise of the oceans. That must be changed. Senate Resolution 222 can help bring about meaningful change in our approach to ocean programs by elevating "ocean thinking" to a higher plateau here in the Senate and in the Congress. Congressional leadership has brought our national ocean program to where it is today. Congressional leadership can give our national ocean program the stimulus necessary to make the United States the world leader. We in the Senate can prove to the Nation that the oceans are critical to solving our national problems.

As I said on December 19, when Senator MAGNUSON introduced this resolution, the United States must make a commitment. Part of that commitment must be to open the resources of the sea to American capabilities. But equally as important is the protection and preservation of the ocean and its coastal lands and waters.

Today, the Senate of the United States takes the all-important first step toward this new commitment.

Mr. President, I ask unanimous consent that the names of all cosponsors be printed at this point in the RECORD.

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

LIST OF COSPONSORS OF S. RES. 222

Mr. Magnuson, Mr. Hollings, Mr. Eastland, Mr. McClellan, Mr. Fulbright, Mr. Sparkman, Mr. Stennis, Mr. Long, Mr. Pastore, Mr. Jackson.

Mr. Mansfield, Mr. Ervin, Mr. Cotton, Mr. Hugh Scott, Mr. Bible, Mr. Talmadge, Mr. Randolph, Mr. Cannon, Mr. Hartke, Mr. McGee.

Mr. Moss, Mr. Williams, Mr. Bentsen, Mr. Eagleton, Mr. Ribicoff, Mr. Robert C. Byrd, Mr. Humphrey, Mr. Stevens, Mr. Kennedy, Mr. Metcalf.

Mr. Stevenson, Mr. McGovern, Mr. McIntyre, Mr. Nunn, Mr. Allen, Mr. Gurney, Mr. Hart, Mr. Buckley, Mr. Fong, Mr. Gravel.

Mr. Abourezk, Mr. Domenici, Mr. Dominick, Mr. Pell, Mr. Chiles, Mr. Burdick, Mr. Weicker, Mr. Biden, Mr. Tunney, Mr. Dole.

Mr. Hatfield, Mr. Johnston, Mr. Cranston, Mr. Mathias, Mr. Muskie, Mr. Beall, Mr. Inouye, Mr. Hruska and Mr. Mondale.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

The resolution, as amended, was agreed to.

The preamble was amended as follows:

On page 1, in the third line of the first paragraph, after the world "mankind", strike out "at least in part", and in the same line, after the word "may", strike out "well".

The resolution, as amended, with its amended preamble, reads as follows:

Whereas the oceans offer the potential for major contribution to world peace and to the equality of life, and the future of mankind may be dependent upon his knowledge and wise use of the sea; and

Whereas the oceans are of enormous present and potential benefit to all citizens of the United States owing to their extensive supply of living and nonliving resources and because of their utilization as a pathway for maritime commerce and as a continuing source of impact upon the national security, balanced growth, technology, scientific understanding, and the quality of the world environment; and

Whereas the depletable living and nonliving resources of the oceans will necessarily be utilized increasingly in future years as a principal source of protein, raw materials, and energy; and

Whereas the coastal markin of the United States, as one of the Nation's prime resources, is under ever-expanding pressure due to its desirability for siting of commerce, industry, and habitation, and due to increasing needs for recreation, transportation, urbanization, and biological reproduction; and

Whereas serious national and global problems exist and are growing in ocean contamination as a result of land- and vessel-source pollution; and

Whereas the Marine Resources and Engineering Development Act of 1966 (33 U.S.C. 2 et seq.) was enacted to develop a comprehensive, long-range national ocean policy, but such Act has been neither fully implemented nor completely successful in achieving that goal; and

Whereas the utilization of ocean resources and solving ocean-related problems depend directly upon developing oceanic knowledge and technology, resolving conflicts of national and international jurisdiction over the ocean, protecting the quality of the marine environment, and, foremost, upon establishing a clear and comprehensive national ocean policy: Now, therefore, be it

Resolved, That the Committee on Commerce is authorized under sections 134(a) and 136(a) of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, as amended, to make a full and complete investigation and study of national ocean policy for the purpose of—

(1) determining current and prospective national capabilities in the oceans, including marine sciences and their application, oceanic research, advancement of oceanic enterprise and marine technology, interdisciplinary education, policy planning, professional career and employment needs, and overall requirements of the United States consistent with attainment of long-range national goals;

(2) determining the adequacy of current Federal programs relating to the oceans and recommending improvements in agency structure and effectiveness to meet national needs and achieve oceans capabilities, and assessing existing policies and laws affecting the oceans for the purpose of determining what changes might be necessary to assure a strong and internationally competitive ocean policy and program for the United States;

(3) establishing policies to achieve the goal of full utilization and conservation of living resources of the oceans and recommending solutions to problems in marine fisheries and their management, rehabilitation of United States fisheries, current and future international negotiations on fisheries, as well as aquaculture and the extraction of drugs from the sea;

(4) assessing the needs for new policies for the development and utilization of the nonliving resources of the oceans, including the mineral resources of the Outer Continental Shelf and the deep seabed so that the national mineral needs can be met in an economically and environmentally sound manner;

(5) encouraging implementation of coastal zone management through the Coastal Zone Management Act of 1972 by assessing national growth policy needs regional and interstate problems, State functions and powers in coastal zone management, information sources, recreation needs, pollution problems, population trends, and future pressures in the coastal zone;

(6) establishing comprehensive national policy for the purpose of understanding and protecting the global ocean environment through education, exploration, research, and international cooperation; and

(7) making an assessment of proposals for, and current negotiations with respect to, achieving adequate national and international jurisdiction over the oceans, developing an understanding of the relationship of the oceans to world order, and examining United States policy with respect thereto.

SEC. 2. In order that other standing committees of the Senate with a jurisdictional interest over specific elements of this study under Rule XXV of the Standing Rules of the Senate, as amended, may participate in that study, the chairman and ranking minority member of each of the Committees on Appropriations, Interior and Insular Affairs, Public Works, Foreign Relations, Government Operations, and Labor and Public Welfare, Armed Services, or a member of such committees designated by each such chairman or ranking minority member to serve in his place, shall participate in the study authorized by this resolution as an ex officio member of the Committee on Commerce for the purposes of this study. In addition, the President pro tempore of the Senate shall name three majority and three minority Members of the Senate who represent coastal States, without regard to committee membership, to serve as additional ex officio members of the Committee on Commerce for purposes of this study.

SEC. 3. The committee shall report its findings, together with its recommendations for such legislation as it deems advisable, to the Senate.

FOREST AND RANGELAND ENVIRONMENTAL MANAGEMENT ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 661 S. 2296, with the understanding that there will be no action on this measure today.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2296) to provide for the protection, development, and enhancement of the national forest system, its lands and resources; and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with an amendment to strike out all after the enacting clause and insert:

"That this Act may be cited as the 'Forest and Rangeland Environmental Management Act of 1974".

"SEC. 2. FINDINGS.—The Congress hereby finds and declares that—

"(a) the air, soil, water, plants, and animals are resources that are finite and renewable,

"(b) the minerals are not a renewable resource,

"(c) the conservation of the environment and esthetic values is essential to achieving an ecologically healthy and economically functioning resource base,

"(d) the United States is richly endowed with land bearing, or capable of bearing, forest trees as its principal vegetal cover, land bearing, or capable of bearing forage as its principal vegetal cover and other associated lands, some of which contain both types of cover, which lands by their very nature produce, or are capable of producing multiple renewable resources, products, and benefits,

"(e) the maintenance and wise management of these lands and their renewable resources are vital to the Nation's vigor,

"(f) the Forest Service, in the Department of Agriculture (hereinafter called the 'Forest Service'), is responsible for essential programs and services which must be maintained on an integrated basis, including programs to aid private and State forest land managers through cooperative efforts to achieve resource management goals, programs of research which produce knowledge that can be disseminated to improve achievements, and through the management of the National Forest System.

"(g) comprehensive inventories and planning are needed to secure the greatest net public benefit from Forest Service cooperative programs, research, and National Forest System management,

"(h) proper levels of funding for investment in managing the various activities and programs of the Forest Service are essential to achieving and sustaining the optimum potential flow of benefits from renewable resources on a balanced and timely basis,

"(i) the National Forest System is made up of diverse lands, in different geographic regions, with many ecological associations which vary in their relation to the lands and people in each region,

"(j) the National Forest System was established and maintained for the purpose of insuring a continuing yield of net benefits and resources for the enjoyment and well-being of the citizens of the United States; that the citizens of the United States expect, and are entitled to receive, the full yield of benefits and resources as set forth in the Multiple-Use Sustained-Yield Act of 1960 (16 U.S.C. 528–531); and that there will be a continuing demand for the benefits and resources available from the National Forest System,

"(k) it is essential that the organization of service to be provided to the people of the United States by the Forest Service shall be designed and maintained to meet local, regional, and national needs commensurate with the relative environmental and economic benefits and costs.

"SEC. 3. RENEWABLE RESOURCE ASSESSMENT.—(a) In recognition of the vital importance of America's renewable resources of the forest, range, and other associated lands to the Nation's social and economic well-being, and of the necessity for a long-term perspective in planning and undertaking related national renewable resource programs, the Secretary of Agriculture, through the Forest Service, shall prepare a National Renewable Resource Assessment (hereinafter called the 'Assessment'). The Assessment shall be prepared not later than December 31, 1974, and shall be updated during 1979 and each tenth year thereafter, and shall include but not be limited to—

"(1) an analysis of present and anticipated uses, demand for, and supply of these renewable resources, with consideration of the international resource situation, and an emphasis of pertinent supply and demand and price relationship trends;

"(2) a general inventory of these present and potential renewable resources and opportunities for improving their yield of tangible and intangible goods and services together with estimates of investment costs and direct and indirect returns to the Federal Government;

"(3) a description of Forest Service programs and responsibilities in research, cooperative programs, and management of the National Forest System, their interrelationships, and the relationship of these programs and responsibilities to public and private activities; and

"(4) a discussion of important policy considerations, laws, regulations, and other factors expected to significantly influence and affect the use, ownership, and management of these lands.

"(b) To assure the availability of adequate data and scientific information needed for development of the Assessment, section 9 of the McSweeney-McNary Act of May 22, 1928 (45 Stat. 702, as amended, 16 U.S.C. 581h), is hereby amended to read as follows:

" 'The Secretary of Agriculture is hereby authorized and directed to make and keep current a comprehensive survey and analysis of the present and prospective conditions of and requirements for the renewable resources of the forest and range lands of the United States, its territories and possessions, and of the supplies of such renewable resources, including a determination of the present and potential productivity of the land, and of such other facts as may be necessary and useful in the determination of ways and means needed to balance the demand for and supply of these renewable resources, benefits and uses in meeting the needs of the people of the United States. The Secretary shall carry out the survey and analysis under such plans as he may determine to be fair and equitable, and cooperate with appropriate officials of each State, territory, or possession of the United States, and either through them or directly with private or other agencies. There is authorized to be appropriated such sums as may be necessary to carry out the purposes of this section.'

"SEC. 4. RENEWABLE RESOURCE PROGRAM.—In order to provide for consideration and periodic review of programs for management and administration of the National Forest System, for research, for cooperative State and private programs, and for conduct of other Forest Service activities in relation to the findings of the Assessment, the Secretary of Agriculture shall prepare and transmit to the President a Renewable Resource Program (hereinafter called the 'Program') which shall provide in appropriate detail for protection, management, and development of the National Forest System, including forest development roads and trails, for cooperative programs on non-Federal lands, and for research. The Program shall be developed in accordance with principles set forth in the Multiple-Use Sustained-Yield Act of June 12, 1960 (74 Stat. 215; 16 U.S.C. 528–31), the National Environmental Policy Act of 1969 (86 Stat. 852; 42 U.S.C. 4321–47), and other applicable legislation. The Program shall be prepared not later than December 31, 1974, to cover the five-year period beginning July 1, 1975, and at least each of the four fiscal decades next following such period, and shall be updated no later than during the first half of the fiscal year ending June 30, 1980, and the first half of each fifth fiscal year thereafter to cover at least each of the four fiscal decades beginning next after such

updating. The Program shall include, but not be limited to—

"(1) An inventory of a full range of specific needs and opportunities for both public and private program investments. The inventory shall differentiate between activities which are of a capital nature and those which are of an operational nature.

"(2) Specific identification of Program outputs, results anticipated, and benefits associated with investments in such a manner that the anticipated costs can be directly compared with the total related benefits and direct and indirect returns to the Federal Government.

"(3) A discussion of priorities for accomplishment of inventoried program needs.

"SEC. 5. NATIONAL FOREST SYSTEM RESOURCE INVENTORIES.—As a part of the Assessment the Secretary of Agriculture shall develop and maintain on a continuing basis a comprehensive and appropriately detailed inventory of all National Forest System lands and renewable resources. This inventory shall be kept current so as to reflect changes in conditions and identify new and emerging resources and values.

"SEC. 6. NATIONAL FOREST SYSTEM RESOURCE PLANNING.—(a) As a part of the Program provided for by section 4 of this Act, the Secretary shall develop, maintain, and, as appropriate, revise land and resource use plans for units of the National Forest System, coordinated with the land use planning processes of State and local governments and other Federal agencies.

"(b) In the development and maintenance of land use plans, the Secretary shall use a systematic interdisciplinary approach to achieve integrated consideration of physical, biological, economic, and other sciences.

"SEC. 7. COOPERATION IN RESOURCE PLANNING.—The Secretary shall make available the Assessment, resource surveys, and Programs prepared pursuant to this Act to States and other organizations in planning the protection, use, and management of renewable resources on non-Federal land.

"SEC. 8 NATIONAL PARTICIPATION.—(a) In order that the optimum benefits will be better assured to each generation of citizens the Secretary of Agriculture shall utilize such participation, including public hearings, meetings, and advisory groups, as he deems appropriate and has provided for by regulation for the development of the Assessment, Program, resource inventories, and planning provided for in this Act.

"(b) On the date Congress first convenes in 1975 and following each updating of the Assessment and the Program, the President shall transmit to the Congress, when it convenes, the Assessment as set forth in section 3 of this Act and the Program as set forth in section 4 of this Act.

"(c) The Congress shall hold public hearings on said Assessment and Program, and within one year after submission to the Congress, the Congress shall by resolution establish a statement of policy which shall be a guide to the President in framing fiscal budget for Forest Service and related agencies' activities for the five or ten year Program period beginning during the term of such Congress.

"(d) Within ninety days after convening, each Congress shall publicly review the statement of policy developed pursuant to subsection (c) and make such modifications as may be necessary to provide a guide to the President in framing the budgets to be transmitted to Congress during the two fiscal years beginning thereafter.

"(e) Commencing with the fiscal budget for the year ending June 30, 1976, requests presented by the President to the Congress covering Forest Service and related agencies' activities shall express in qualitative and quantitative terms the extent to which the Programs and policies projected under that budget meet the policies established by the Congress in accordance with subsections (c) and (d) of this section. I any case in which such budget so presented recommends a course which fails to meet the policies so established, the President shall specifically set forth the reason or reasons for so recommending and shall state his reason or reasons for requesting the Congress to approve the lesser programs or policies presented: *Provided*, That amounts appropriated for purposes covered by the resolution described in subsection (c), as modified, shall be expended for the purposes for which appropriated, except to the extent that (1) the appropriation Act provides specifically for discretion as to such expenditures, or (2) the President finds that because of events occurring subsequent to the enactment of such appropriation Act, such expenditure would fail to accomplish its purpose.

"(f) For the purpose of providing information that will aid Congress in its oversight responsibilities and improve the accountability of agency expenditures and activities, the Secretary shall prepare an annual report which evaluates the component elements of the Program required to be prepared by section 4 of this Act which shall be furnished to the Congress at the time of submission of the annual fiscal budget commencing with the third fiscal year after the enactment of this Act.

"(g) These annual evaluation reports shall set forth progress in implementing the Program required to be prepared by section 4 of this Act together with accomplishments of this Program as they relate to the objectives of the Assessment. Objectives should be set forth in qualitative and quantitative terms and accomplishments should be reported accordingly. The report shall contain appropriate measurements of pertinent costs and benefits. The evaluation shall assess the balance between economic factors and environmental quality. Program benefits shall be considered in a broad context and shall include, but not be limited to, environmental quality factors such as esthetics, public access, wildlife habitat, recreational and wilderness use, and economic factors such as the excess of cost savings over the value of foregone benefits and the rate of return on renewable resources.

"(h) The reports shall indicate plans for implementing corrective action and recommendations for new legislation where warranted.

"(i) The reports shall be structured for Congress in concise summary form with necessary detailed data in appendices.

"SEC. 9. NATIONAL FOREST SYSTEM PROGRAM ELEMENTS.—(a) The Secretary shall take such action as will assure that the development and administration of renewable resources of the National Forest System is in full accord with the concepts for multiple use and sustained yield of products and services as set forth in the Multiple-Use Sustained-Yield Act of 1960 (16 U.S.C. 528–531). To further these concepts, the Congress hereby sets the year 2000 as the target year when the renewable resources of the National Forest System shall be in an operating posture whereby all backlogs of needed treatment for their restoration shall be reduced to a current basis and the major portion of planned intensive multiple-use sustained-yield management procedures shall be installed and operating on an environmentally sound basis. The annual budget shall contain requests for funds for an orderly program to eliminate such backlogs: *Provided*, That when the Secretary finds that (1) the backlog of areas that will benefit by such treatment has been eliminated, (2) the cost of treating the remainder of such area exceeds the economic and environmental benefits to be secured from their treatment, or (3) the total supplies of the renewable resource of the United States are adequate to meet the future needs of the American people, the budget request for these elements of restoration may be adjusted accordingly.

"(b) The Congress declares that the installation of a proper system of transportation to service the National Forest System, as is provided for in Public Law 88–657, the Act of October 13, 1964 (16 U.S.C. 532–538), shall be carried forward in time to meet anticipated needs on an economical and environmentally sound basis, and the method chosen for financing the construction and maintenance of the transportation system should be such as to enhance local, regional, and national benefits. If for any fiscal year the budget request for appropriations for forest development roads and trails (including the amount available under the fourteenth paragraph under the heading 'Forest Service' of the Act of March 4, 1913 (16 U.S.C. 501)), is less than the amounts authorized therefor, or a portion of such appropriation is subsequently impounded, the amount of construction under clause (2) of the Act of October 13, 1964 (16 U.S.C. 535), for such fiscal year shall be reduced below such amount of financing during the preceding fiscal year by an equivalent sum. For the purposes of this section, impounding includes—

"(1) withholding or delaying the expenditure or obligation of budget authority (whether by establishing reserves or otherwise) appropriated for forest development roads and trails, and the termination of authorized projects for which appropriations have been made, and

"(2) any other type of Executive action or inaction which effectively precludes the obligation or expenditure of authorized budget authority or the creation of obligations by contract in advance of appropriations as specifically authorized by law for forest development roads and trails.

In applying the authority granted by the Act of October 13, 1964 (16 U.S.C. 532–538), the Secretary shall give due consideration to avoiding actions which may unduly impair revenues received and thus affect adversely payments to particular counties within the National Forest System made under the sixth paragraph under the heading 'Forest Service' of the Act of March 4, 1913 (16 U.S.C. 500), or under section 33 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1012), but nothing in this sentence shall be construed to reduce timber sale offerings with provisions for purchaser road construction, the net effect of which will be to increase revenues from which such payments are made to counties.

"SEC. 10. (a) NATIONAL FOREST SYSTEM DEFINED.—Congress declares that the National Forest System consists of units of forest, range, and related lands throughout the United States and its territories, united into a nationally significant system dedicated to the long-term benefit for present and future generations, and that it is the purpose of this section to include all such areas into one integral system. The 'National Forest System' shall include all national forest lands reserved or withdrawn from the public domain of the United States, all national forest lands acquired through purchase, exchange, donation, or other means, the national grasslands and land utilization projects administered under title III of the Bankhead-Jones Farm Tenant Act (50 Stat. 525, 7 U.S.C. 1010–1012) and other lands, waters, or interests therein which are administered by the Forest Service or are designated for administration through the Forest Service as a part of said system.

"(b) ORGANIZATION.—The on-the-ground field offices, field supervisory offices, and regional offices of the Forest Service shall be so situated as to provide the optimum level of convenient, useful services to the public, giving priority to the maintenance and loca-

tion of facilities in rural areas and towns near the national forest and Forest Service program locations in accordance with the standards in section 901(b) of the Act of November 30, 1970 (84 Stat. 1383), as amended.".

ORDER FOR RECESS UNTIL THURSDAY, FEBRUARY 21, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 12 o'clock noon on Thursday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

MARGARET G. COBLE

Mr. ROBERT C. BYRD. Mr. President, on January 30, 1974, the Senate agreed to Senate Resolution 251, which authorized the payment of a gratuity to the widow of a deceased former employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death. Unfortunately, due to a clerical error, the name of the recipient of the gratuity and the deceased employee was misspelled in the resolution as agreed to.

I ask unanimous consent that the Secretary of the Senate be authorized to correct the spelling of the names in the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR COMMITTEE TO FILE REPORT ON S. 2394, ROCKY MOUNTAIN NATIONAL PARK

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs have until 7 p.m. today to file the report on S. 2394, a bill relating to the Rocky Mountain National Park, providing the Committee on Interior and Insular Affairs orders the bill reported later this afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS CHILES, GRIFFIN, AND ROBERT C. BYRD ON THURSDAY, FEBRUARY 21, 1974, AND FOR PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS AND CONSIDERATION OF S. 2296

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Thursday after the two leaders or their designees have been recognized under the standing order, the distinguished Senator from Florida (Mr. CHILES) be recognized for not to exceed 15 minutes, that he be followed by the distinguished assistant Republican leader (Mr. GRIFFIN), for not to exceed 15 minutes, and that he be followed by the junior Senator from West Virginia (Mr. ROBERT C. BYRD) for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business for not to exceed 30 minutes with statements limited therein to 5 minutes, at the conclusion of which the Senate proceed to the consideration of the bill which already has been laid before the Senate, Calendar No. 661, S. 2296.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will stand in recess until the hour of 12 o'clock noon on Thursday next. After the two leaders or their designees have been recognized under the standing order, the Senator from Florida (Mr. CHILES) will be recognized for not to exceed 15 minutes, after which the Senator from Michigan (Mr. GRIFFIN) will be recognized for not to exceed 15 minutes, after which the junior Senator from West Virginia (Mr. ROBERT C. BYRD) will be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business for not to exceed 30 minutes with statements limited therein to 5 minutes, at the conclusion of which period the Senate will resume consideration of Calendar Order No. 661, S. 2296, a bill to provide for the protection, development, and enhancement of the national forest system, its lands and resources, and for other purposes. Yea-and-nay votes could occur.

RECESS TO THURSDAY, FEBRUARY 21, 1974

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 12 o'clock noon on Thursday next.

The motion was agreed to; and at 5:24 p.m. the Senate recessed until Thursday, February 21, 1974, at 12 o'clock noon.

EXTENSIONS OF REMARKS

DR. BARRY SIMMONS, ATHENS, GA.

HON. HERMAN E. TALMADGE

OF GEORGIA

IN THE SENATE OF THE UNITED STATES

Tuesday, February 19, 1974

Mr. TALMADGE. Mr. President, I wish to comment today on the very fine humanitarian work being done by Dr. Barry Simmons, a dentist from Athens, Ga., to help people throughout the world less fortunate than ourselves and to build goodwill for the United States.

Each summer for the past 11 years, Dr. Simmons has traveled at his own expense to emerging nations throughout the world to provide free dental care to needy people, many of whom have never seen a dentist in their lives. In 1972, Dr. Simmons was named one of the 10 outstanding young men of America by the U.S. Jaycees, and he has won praise from many nations throughout the world.

All Georgians are very proud of Dr. Simmons, and I join in wishing him well in all of his future endeavors to help the world's needy people.

Mr. President, there appeared in the Sunday Oregonian, of Portland, Oreg., of November 4, 1973, an excellent article on the work of Dr. Simmons. I bring this article to the attention of the Senate and ask that it be printed in the Extensions of Remarks.

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

GEORGIA DENTIST WORKS TO AID NEEDY IN FOREIGN COUNTRIES

(By Ann Sullivan)

Dr. Barry Simmons, 36, dentist, unmarried, amateur ornithologist, expects to spend three months out of every year of the rest of his life doing something for other people.

The something is what he knows best, dentistry, and the people are the underprivileged in a long succession of countries he has been visiting the past 10 years.

He has a list of 120 and hopes he can go to most of them, maybe two at a time, in the rest of his life.

It isn't exactly easy, for this one-man dental Tom Dooley Foundation has been doing it all himself, lugging along some 17 to 18 cases of 1,500 pounds of tools and supplies.

When wars and floods, bureaucracy, heat and disease throw up roadblocks, it just challenges him a little more. Simmons, who practices three-quarters of the year in the lower floor of his Georgian house in Athens, Ga., came upon his life's passion by accident through his love of birds and animals.

He went to the Colombia jungle on the Amazon river with a collector.

"It was pretty primitive, and the local priest found out I was a dentist and asked me to treat some patients. I was hooked."

That was 1963, the first of 11 successive